



REVISED AGENDA - SPECIAL COMMITTEE OF THE WHOLE

Monday, November 23, 2020, 9:00 A.M.

COUNCIL CHAMBERS, CITY HALL, 1 CENTENNIAL SQUARE

The City of Victoria is located on the homelands of the Songhees and Esquimalt People

Due to the COVID-19 Pandemic, public access to City Hall is not permitted. This meeting may be viewed on the City's webcast at www.victoria.ca

Pages

A. APPROVAL OF AGENDA

B. CONSENT AGENDA

C. READING OF MINUTES

D. UNFINISHED BUSINESS

E. LAND USE MATTERS

F. STAFF REPORTS

F.1. 2021 Draft Financial Plan

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[Link to the 2021 Draft Financial Plan](#)

F.1.a. Department Presentations

*F.1.a.a. Victoria Police Department

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Addenda: Presentation

- Operating Budget: Pages 581 - 704
- Capital Budget: Pages 823 - 827

F.1.a.b. Engineering and Public Works

- Operating Budget: Pages 181 - 316
- Capital Budget: Pages 711 - 716, 719 - 722, 726 - 732, 737 - 740, 743 - 746, 792 - 796, 801 - 817

F.1.a.c. Bylaw Services

- Operating Budget: Pages 163 - 169

F.1.a.d. Human Resources

- Operating Budget: Pages 351 - 360

***F.1.a.e. Sustainable Planning and Community Development**

- Operating Budget: Pages 471 - 488
- Capital Budget: Pages 775

***F.1.a.f. Business and Community Relations**

- Operating Budget: Pages 107 - 158, 161 - 162
- Capital Budget: Pages 733 & 780

***F.1.a.g. Corporate**

- Operating Budget: Pages 527 - 575

G. NOTICE OF MOTIONS

H. NEW BUSINESS

I. ADJOURNMENT OF COMMITTEE OF THE WHOLE

Committee of the Whole Report
For the Meeting of November 5, 2020

Council direction on a maximum tax increase of inflation plus 1% was provided through the Strategic Plan. The Consumer Price Index for Victoria (CPI) has ranged from negative 0.4% to positive 2.4% so far this year. The rate of inflation published at the time this draft was put together (August) was 0.1%, and the average rate to date (January to August) is approximately 0.75%. Assuming inflation is not negative for the remaining months of this year, the resulting maximum tax increase target would be 1.75% or \$2.5 million.

Although Council direction relates to tax increases only, the draft financial plan also outlines user fee increases to show the impact to households and businesses for both utility fees and property taxes. The draft budget does not recommend any revenue increases for the water, sewer and storm drain utilities, although rate adjustments are recommended for water and sewer user fees due to consumption changes. Together with a 1.75% property tax increase, the total impact for an average household would be \$62 or 1.77% and for a typical business \$142 or 1.75%.

Council directed that a number of items be considered as part of this year's financial planning process: Strategic Plan action items, items referred from last year's financial planning process, items from separate reports throughout the year, and budget decisions made due to the pandemic. These are outlined in Appendices B, C and D. Staff are also bringing forward supplementary requests to address capacity challenges in a few areas as outlined in Appendix A. The Period 2 Accountability Report presented to Council in October identified a number of initiatives that are experiencing challenges and will be carried forward to 2021. Staff recognize that Council may wish to advance other initiatives as well and suggest that staff capacity would be limited to take on any additional work unless other work is deferred or reduced. Consideration for additions of new or expanded services is recommended to be guided by the Financial Sustainability Policy to fund by one or a combination of the following:

1. A reduction in the cost of existing services. This may include a reallocation of resources from one area to another.
2. An increase in non-tax revenues.
3. A further increase in property taxes.

Three sessions have been scheduled (November 10, 23, and 30) where staff will provide detailed budget presentations and answer any questions Council may have. On November 30, 2020, Council direction will be sought on mitigation strategies, and utility rate increases necessary to sustain the utilities in order to have those in effect by January 1, 2021

The draft financial plan will be available online by October 30, 2020. Following Council deliberation and adjustments, first reading of the Financial Plan Bylaw is scheduled to take place on December 3 signalling that Council is satisfied that the plan is ready to receive public input. A Town Hall/e-Town Hall meeting is scheduled on January 13, 2021. Upon completion of the public consultation, Council will have an opportunity to consider the feedback and make changes to the financial plan before giving final approval prior to May 15 as required by legislation. A summary of the public input will be included in the final financial plan document. Tax notices will be sent out once the financial plan and tax rate bylaws have been adopted by Council.

After the detailed presentations have concluded on November 30, staff will recommend that Council:

1. Direct staff to include the following mitigation strategies as outlined in this report into the Five-year Financial Plan Bylaw, 2021 to reduce the overall tax increase to \$2.5 million or 1.75%:
 - a. Capital budget funding reallocation of \$3 million
 - b. Service/program adjustments of \$3.9 million

- c. Additional new property tax revenue from new development \$500,000
 - d. Portion of estimated provincial grant \$1.1 million
- 2. Direct staff to bring forward the Five-year Financial Plan Bylaw, 2021 to the December 3, 2020 daytime Council meeting for consideration of first reading.
- 3. Direct staff to bring forward bylaws outlining sewer utility and water utility user fee increases for 2021 to the December 3, 2020 daytime Council meeting for consideration of first, second and third readings.
- 4. Upon completion of public consultation, direct staff to bring forward direct-award grants and other grants as outlined in this report for consideration of approval
- 5. Upon completion of public consultation, consider funding additional grant requests, supplementary requests, resource requirements for financial plan motion report backs and 2021 Strategic Plan action items, and items deferred in 2020 originally funded by 2019 surplus, as determined by Council

PURPOSE

The purpose of this report is to introduce the draft 2021-2025 Financial Plan for Council's review and discussion prior to consideration of first reading of the 2021 Five Year Financial Plan Bylaw to initiate public consultation.

BACKGROUND

Section 165 of the *Community Charter* requires that a financial plan be approved annually following public consultation as required by section 166. The financial plan must be approved before the tax rate bylaw is approved, and before May 15 as required by section 197.

Three policies guide the financial planning process: Financial Sustainability Policy; Reserve Fund Policy; and Revenue and Tax Policy. These are attached as Appendix G.

In addition, the City's Strategic Plan sets a maximum property tax increase of inflation plus 1%.

The majority of the City's funding comes from property taxes and utility user fees (approximately \$188 million or 71% in 2020.) The City has some additional revenue sources, including those from parking, construction permit fees, recreation, Victoria Conference Centre, business licences and property leases. As reported throughout this year, some of these revenue sources are experiencing shortfalls due to the pandemic and the impact is dependent on the timing and extent of economic recovery in the region. The draft financial plan includes best estimates for these revenues and incorporates known cost increases.

As part of the strategic planning process and the 2020 financial planning process, Council provided direction to either include items within the draft 2021 Financial Plan or to report back as part of the 2021 financial planning process. Also, a number of reports throughout the year have referred consideration of funding to the 2021 financial planning process. In addition, due to the pandemic, Council made adjustments to the 2020 Financial Plan including the deferral of several initiatives and capital projects. As directed by Council, the deferred capital projects and some of the initiatives have been included in the draft 2021 financial plan, and the items referred for consideration during this year's process are included as appendices to this report.

The financial plan focuses on priorities and outcomes, outlining services and capital projects including costs, revenues and benefits of each to demonstrate the value tax and rate payers

receive. Emphasis is also placed on staff and community involvement in the planning process. Approximately 70 staff from across the organization are involved in compiling the information for the financial plan and detailed reviews of all departmental budget submissions have been completed by staff.

ISSUES & ANALYSIS

Each year as staff develop the budget, service levels are assessed to determine resource requirements and delivery options. The majority of the City's services are delivered by City staff, augmented by contracted support for specialized expertise or work volumes beyond existing capacity. Delivery methods are evaluated and, if warranted, additional staff may be added by shifting existing budgets from contracted services. Over the last 3 years through this review, approximately 20 FTEs have been added for underground utilities, carpenter shop, concrete section and surface infrastructure. Recommendations for service level increases requiring additional resources are prepared as supplementary requests for Council's consideration.

Efficiencies

Staff explore efficiencies as part of regular operations and implement those on an ongoing basis and this will continue. 2020 provided a unique opportunity to fast-track a number of technology-related projects as the City pivoted to online service provision in some areas in response to the pandemic. Some of these changes have resulted in improved processes and have freed up staff capacity. A few examples are outlined in the following section.

The modern collaboration platform in Office365, which includes Microsoft Teams, was implemented in 2018/19 and as a result the City was able to pivot immediately to remote work arrangements when the pandemic spread world-wide. The platform provides "anywhere access" to information and has advanced collaboration capability. Prior to the pandemic, in-person meetings were the norm but are now almost all done through the Microsoft Teams platform saving staff time and reduces logistics regarding meeting booking/setup. In addition, the pandemic necessitated a significant shift to the way Council meetings are conducted given the limits on gatherings and physical distancing requirements. Procedural changes were implemented quickly to maintain an almost seamless transition to electronic participation while maintaining transparency and public participation that was made possible due to the technological advances.

The City has also continued to identify and implement new IT solutions to support engagement, improve online services for customers or increase efficiency including:

- CALUC Online Enablement through both Development Tracker and Facilitation of Comments
 - Developed online mechanism enabling neighbourhood associations to continue their mandate of engagement and feedback, during COVID-19, for proposed development applications.
- Enhanced Online Public Engagement Portal
 - Rapidly pivoted to an industry-leading civic platform to provide enhanced citizen engagement.
- eApply for Business Licences
 - Delivered the capability to apply for Business Licenses online, on time, despite the complications of a pandemic.
- EOC through Teams (first of its kind in the region, possibly Province).
 - By leveraging our strategic investments in the Microsoft platform, the City's pandemic Emergency Operations Center, in a first of its kind, activated and conducted a fully online operation, removing the need for in-person coordination.
- Fully Automated Staffing Requisitions

- Transformed a paper process to an electronic and automated process, reducing the end-to-end process from an average of five business days to 1 hour.
- Learning Management System
 - To enable the City to create, host and deliver staff training online, and automatically track and report on completion
- Safety Management System
 - Will improve workplace safety by replacing paper and manual tracking systems with an electronic platform for reporting, investigating and managing: workplace injury and illness; safety incidents, near misses and inspections; and injury and illness claims and return to work processes.
- Re-factored Archive Search
 - Modernized the database to enable modern search capabilities and security.
- Mayor's Neighbourhood Drop-in via Teams.
 - Using Microsoft Teams, enabled the continuation of informal citizen drop-ins, moving from in-person to video conference.
- Participatory Budgeting Improvements - implemented an innovative online voting mechanism.
- Neighbourhood Association Meetings – utilized virtual platforms to enable continuation of meetings.

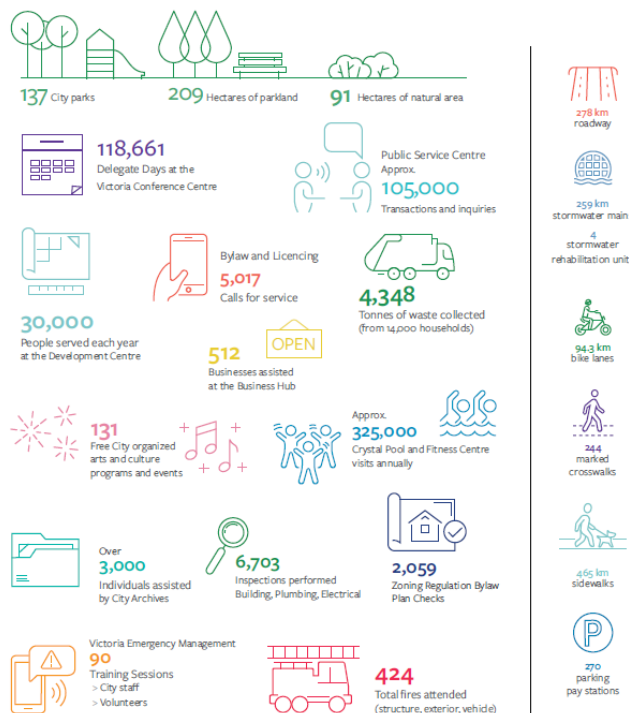
Operating Budget

Overview

As outlined in the draft Financial Plan, the City delivers approximately 200 services, and over 200 capital projects are included.

Highlights of City Services

Maintain:



The draft financial plan maintains services at current services levels. No automatic inflationary increases are included in the budget and departments have to justify each increase they request. The main cost drivers are salary increases, insurance, costs related to new asset maintenance, as well as revenue shortfalls for parking, Victoria Conference Centre, City-owned property leases, business licencing and ticket surcharge revenue from the Save on Foods Memorial Arena. Together with the mitigation strategies outlined later in this report, a tax increase of no more than inflation plus 1% (1.75%) is possible. The impact would be \$44 for an average household and \$124 for a typical business.

Utilities

The major cost drivers for the City's utilities are salaries, materials and equipment, offset by a reduction in funding transferred to the capital budget, which would instead be partially funded by reserves resulting in no revenue increase for the year. However, consumption levels have decreased and to collect the same amount of revenue to cover costs, slight rate increase are required for water and sewer user fees. For the average household or typical business there would be an annual increase of \$12 for water and \$6 for sewer.

Staff are proposing to bring forward bylaws for rate increases to the December 3 daytime Council meeting for consideration of first, second and third readings followed by adoption at the December 10 Council meeting. Bringing the bylaws forward in this manner will authorize the increases to come into effect on January 1, 2021.

Greater Victoria Public Library (GVPL)

The City's estimated share of the GVPL's operating and facility maintenance budget request, and the City's lease and building costs for its branches is \$5.56 million, which is an increase of approximately \$24,000. The Library Board is scheduled to consider the 2021 budget on October 27, 2020 and the City will receive their formal budget request once approved.

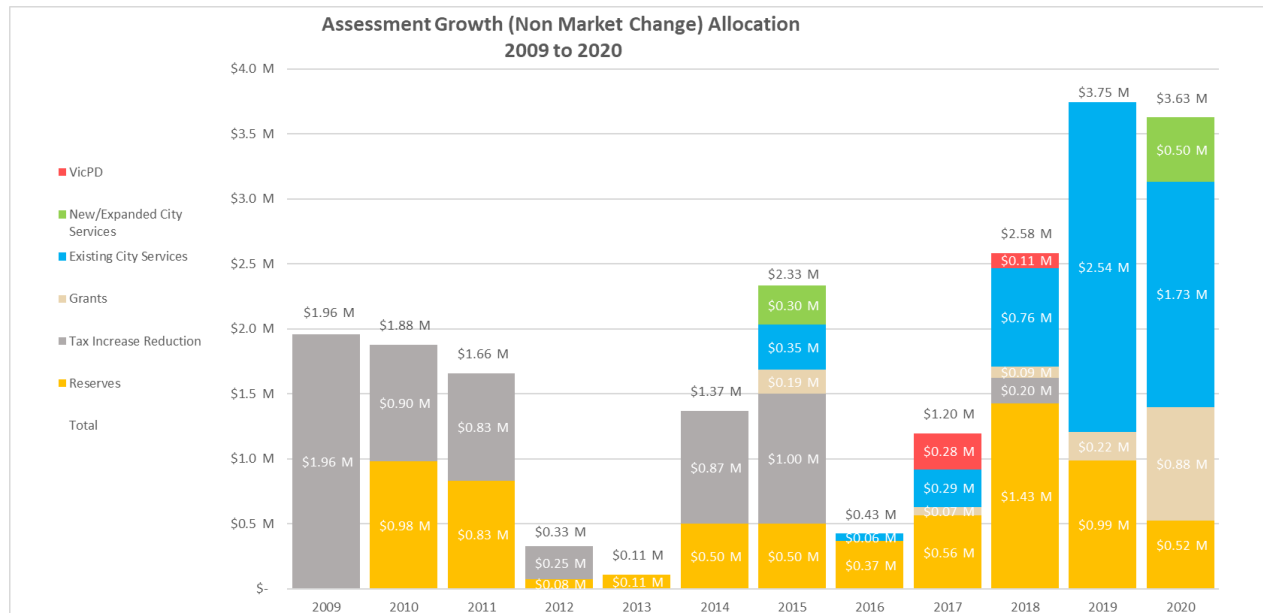
New Property Tax Revenue from New Development (Non-Market Change)

As per the Financial Sustainability Policy, the first \$500,000 of new property tax revenue resulting from new construction is typically transferred to reserve. However, this year, as a mitigation strategy to offset revenue shortfalls and additional costs due to the pandemic, no increase has been incorporated into the draft 2021 Financial Plan.

During the year, Council approved allocating \$491,000 for five additional bylaw officers as well as an ongoing grant of \$7,500 to Bike to Work Society and these amounts have been incorporated.

Any additional new property tax revenue from new development has not been factored into the draft 2021 Financial Plan. A conservative early estimate for total new property tax revenue from new development, based on information provided by BC Assessment, is \$1 million. However, this is based on incomplete information and this amount will likely change before it is finalized. The final amount will not be known until the end of March when BC Assessment has finalized the assessment roll for the year.

Over the last decade, Council has used the majority of the new tax revenue for capital investment (savings in reserves) and reducing the annual tax increase and to fund new services as illustrated in the graph below:



As a mitigation strategy, it is recommended that Council consider using this revenue to offset revenue shortfalls and additional costs due to the pandemic.

The following table outlines the uses of assessment growth revenue for the last five years:

2016		2017		2018		2019		2020	
Real Estate Function	\$60,000	Police Budget	\$277,000	Buildings and Infrastructure Reserve	\$1,428,286	Urban Forest Management Plan	\$858,000	Victoria Civic Heritage Trust	\$500,000
Buildings and Infrastructure Reserve	\$365,000	Buildings and Infrastructure Reserve	\$250,000	Property Tax Increase Reduction Decrease	\$197,234	Buildings and Infrastructure Reserve	\$862,545	Community and Senior Centre Funding	\$234,333
		Accessibility Reserve	\$250,000	Fire Prevention Officer	\$121,000	Real Estate Function	\$250,000	Children's Book Prize	\$5,000
		Real Estate Function	\$135,000	Police Civilians	\$114,814	Houseplexes and Townhomes Planners	\$240,000	Reduction of Recreation Fee Increase	\$16,500
		Tree Care	\$128,000	Transportation Planner	\$104,000	Transportation Planner	\$200,000	Housing Reserve Fund	\$400,000
		Fleet Reserve	\$61,722	Park Planner	\$103,000	Disability Coordinator	\$128,500	Asset Management Position - 1 FTE	\$89,000
		Quadra Village Community Centre - gymnasium at 950 Kings Rd	\$49,000	Building Project Administrator	\$99,000	Vehicle and Heavy Equipment Reserve	\$123,545	Climate and Environment - Community Energy and Emissions Specialist - 1 FTE	\$108,000
		Arts and Culture Support	\$25,000	Sustainability Waste Management Engineer	\$99,000	Climate Grant Writer	\$117,000	Climate and Environment - Training and Development for Staff	\$10,000
		Community Garden Volunteer Coordinator	\$6,000	Correspondence Coordinator	\$87,000	Mayor's Office Support	\$114,000	Climate and Environment - Zero Waste Strategy - 1 FTE	\$100,000
		Distribution of Mulch to Community Garden Operators	\$6,000	Graphic Design Support	\$81,000	Climate Outreach Specialist	\$106,000	Grants - Neighbourhood Grants	\$28,116
		Victoria Heritage Foundation Grant	\$5,125	Parks Natural Areas Support	\$63,000	Increased grants to Community and Seniors Centres	\$106,000	Grants - Victoria Civic Heritage Trust	\$2,250
Total	\$425,000	Victoria Civic Heritage Trust Grant	\$2,153	Festival Investment Grant	\$50,000	Business Analyst - Information Systems	\$102,000	Grants - Victoria Heritage Foundation	\$5,962
		Medallion Challenge Trophy	\$500	Community Garden Program	\$15,000	Talent Specialist	\$96,500	Health and Safety Position - 1 FTE	\$108,000
		Total	\$1,195,500	Victoria Heritage Foundation	\$10,716	Asset Management Technician	\$85,500	Managing Growth and New Development - Secretary - Planning 1 FTE	\$72,500
				Food Systems North Park Neighbourhood Association	\$6,000	LIFE Program Extension	\$74,000	Managing Public Spaces - Centennial Square Clean Up	\$35,000
				Victoria Heritage Trust	\$2,186	Indigenous Artist in Residence	\$72,000	Urban Agriculture - Volunteer Coordinator Grant	\$50,000
				Victoria Community Association Network Grant	\$900	Festival Investment Grant	\$50,000	Urban Agriculture - Start Up Grants	\$30,000
				Community Garden Volunteer Coordinator Grants Inflation	\$864	Community Garden Program	\$30,160	Lowering Property Tax Penalty	\$201,500
				Total	\$2,583,000	Strategic Plan Grants	\$20,000	Buildings and Infrastructure Reserve	\$61,374
						Youth Leaders in Training (YLIT)	\$20,000	Vehicle and Heavy Equipment Reserve	\$61,373
						Support Department Overhead	\$19,000	Equity and Inclusion - Equity and Inclusion Coordinator - 1 FTE	\$107,900
						Mayor's Travel Budget	\$15,000	Create Victoria Implementation Position - 1 FTE	\$113,400
						Town Hall Meetings	\$12,000	Equity and Inclusion - External Community Liaison - 2 FTE	\$215,900
						Council Catering	\$10,000	Equity and Inclusion - Accessibility and Inclusion Recreation Role - 1 FTE	\$52,000
						Living Wage	\$9,000	Housing - Tenant Ambassador - 1 FTE	\$107,900
						Constituency Funds	\$8,000	Housing - Housing and Development Summit	\$15,000
						Urban Food Table	\$6,000	Housing - Social Planner - 1 FTE	\$125,111
						Community Input Process	\$5,000	Arts and Culture - Canada Day Special Duty Policing	\$107,000
						My Great Neighbourhoods Grant	\$3,000	Arts and Culture - Festival Investment Grant Program	\$25,000
						Victoria Civic Heritage Trust Grant	\$2,250	Arts and Culture - Special Duty Policing	\$53,000
						Poet Laureate Program	\$2,000	Arts and Culture - Special Events In Kind Services	\$19,000
						Total	\$3,747,000	Childminding - Committees	\$1,800
								Climate and Environment - Building Energy and Emissions Specialist - 1 FTE	\$108,000
								Heritage Position -.5 FTE	\$50,000
								Managing Growth and New Development - Secretary - Legislative Services - 1 FTE	\$80,500
								Managing Growth and New Development - Development Services 1 FTE	\$142,500
								Reconciliation and Indigenous Relations - Witness Reconciliation Program	\$30,000
								Sustainable Mobility Strategy - Transportation - 1 FTE	\$142,600
								NeighbourHub - 709/711 Douglas Street	\$11,460
								Total	\$3,626,979

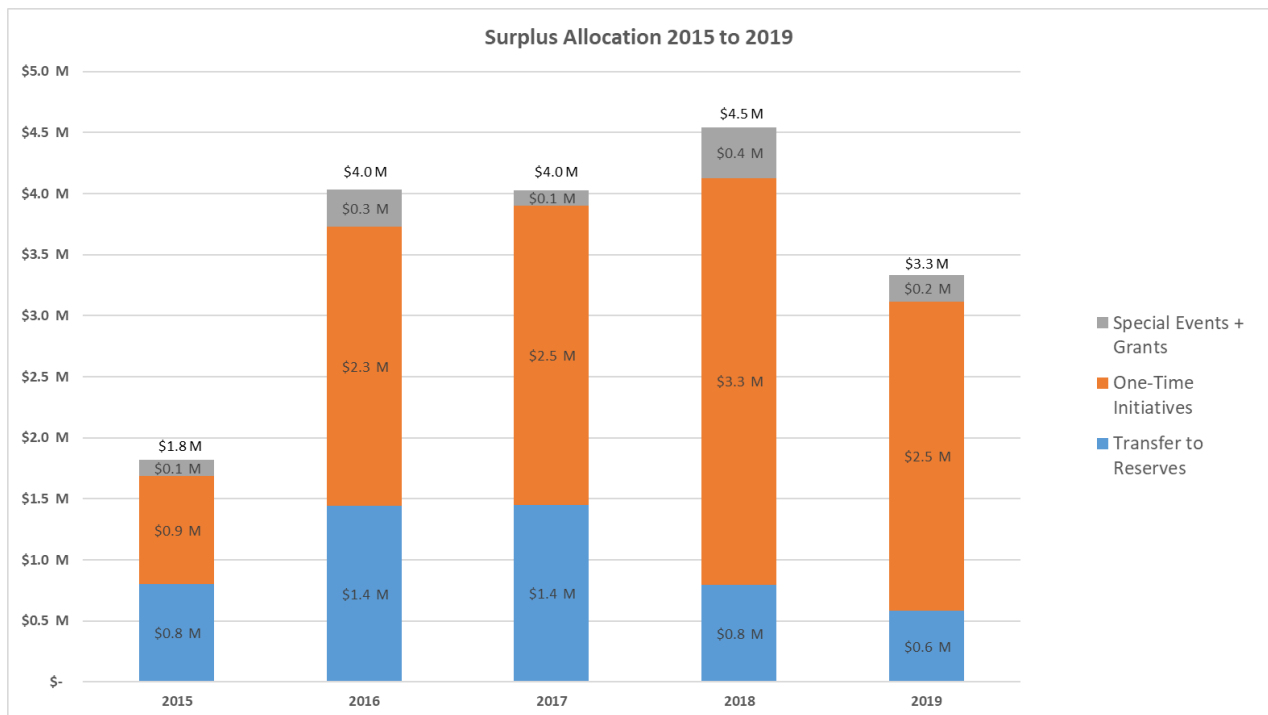
Legend

Reserves
Property Tax Increase Reduction
Grants
Existing City Services
New City Services
VicPD

2020 Surplus

As previously reported, the City is experiencing significant revenue reductions in 2020 that would result in a deficit for the year. Council has provided direction to implement a number of mitigation strategies which will avoid a year-end deficit. Under legislation, should a deficit be the year-end result, that deficit must be carried forward to the following year and must be funded first. Fortunately, the mitigation strategies will avoid such a situation. However, the revenue losses also mean that while the deficit can be mitigated, the year end result will be a zero and there will be no surplus for 2020.

For historical reference, the following graph and table outline the surplus allocation for the past five years:



2015		2016		2017		2018		2019	
Buildings and Infrastructure Reserve	\$ 552,721	Buildings and Infrastructure Reserve	\$ 1,440,209	Buildings and Infrastructure Reserve	\$ 482,609	Victoria Housing Reserve	\$ 750,000	Housing - Housing Reserve Fund	\$ 250,000
Parks Overnight Sheltering Support and Clean-Up	\$ 313,000	Accelerated Local Area Planning (2018-2019)	\$ 500,000	Vehicles and Heavy Equipment Reserve	\$ 482,608	Zero Waste Strategy	\$ 400,000	Climate and Environment - Oil to Heat Pump Incentive Program	\$ 100,000
Accessibility Capital Fund	\$ 250,000	South Island Prosperity Project (SIPP)	\$ 220,000	Greenways Acquisition Fund Reserve	\$ 482,608	Overnight Sheltering - Support & Clean Up	\$ 362,000	Climate and Environment - Climate Action Program Investments	\$ 165,000
Crosswalk Projects	\$ 200,000	Vulnerable Population Pilot Project	\$ 204,891	Victoria Housing Strategy Implementation	\$ 250,000	Housing Initiatives	\$ 300,000	Climate and Environment - Zero Waste Strategy	\$ 200,000
Arboriculture (Urban Forest Mgmt Plan Implementation)	\$ 128,500	Parks Overnight Sheltering	\$ 200,000	South Island Prosperity Project	\$ 220,000	Traffic Calming Initiatives	\$ 250,000	Grants - South Island Prosperity	\$ 220,000
Cultural Plan	\$ 116,000	Parks Infrastructure	\$ 158,000	Mental Health Integration	\$ 216,575	Accessibility Framework	\$ 250,000	Grants - Bike to Work Week	\$ 7,500
Senior Parks Planner	\$ 103,000	High Risk Tree Removal	\$ 150,000	Overnight Sheltering - Support & Clean Up	\$ 200,000	Citizens' Assembly	\$ 250,000	Grants - Storage Facilities for Our Place	\$ 50,000
Real Estate Function Consulting	\$ 100,000	Canada 150 Festivities	\$ 150,000	Neighbourhood Transportation Management	\$ 180,000	South Island Prosperity Project	\$ 220,000	Managing Public Space - Overnight Sheltering Support and Clean Up	\$ 362,000
Broad Street Mall Repairs	\$ 15,000	Songhees and Esquimalt First Nations Long House	\$ 110,000	High Risk Tree Removal	\$ 150,000	MSP Premiums	\$ 200,000	Managing Public Space - Bylaw Position - 1 FTE	\$ 189,000
Sidewalk Power-Washing	\$ 15,000	Parks Planning Temporary Support	\$ 103,000	Heritage Planner (2 year term)	\$ 120,000	Community Centre Funding	\$ 170,424	Strategic Plan Support Services - Legal Services	\$ 84,500
India Mela and Dragon Boat Society 80% FIG Grants	\$ 11,200	Victoria Housing Strategy Implementation	\$ 100,000	Engagement Advisor	\$ 109,000	Public Washroom - South End of Douglas St	\$ 150,000	Tree Care - Tree Planting	\$ 140,000
Traffic and Parking Improvements	\$ 8,000	Correspondence Coordinator	\$ 87,000	Downtown Public Realm Plan Implementation	\$ 105,000	Tree Preservation Bylaw	\$ 110,000	Urban Agriculture - Pilot City-sponsored community partnership for spring distributions of gardening materials	\$ 8,000
City of Victoria Youth Council Additional Request	\$ 6,000	Install Symbol of Lekwungen People	\$ 75,000	Community Benefit Hub (2 year)	\$ 100,000	Parks Planner	\$ 107,250	Youth Initiatives - Youth Program Implementation	\$ 30,000
Total	\$ 1,818,421	Adaptive Management Framework	\$ 55,000	Downtown sidewalk cleaning & snow removal	\$ 99,500	Planner - Development Services	\$ 107,250	Property Tax Penalty	\$ 1,000
		Temporary Moveable Child Friendly Play Feature In Centennial Square	\$ 50,000	Parks Arboriculture	\$ 97,000	Neighbourhood Led Neighbourhood Planning	\$ 100,000	By Election	\$ 170,000
		City Studio (2018-2019)	\$ 50,000	Speed Reader Boards	\$ 85,000	Reconciliation Training	\$ 76,350	Buildings and Infrastructure Reserve	\$ 166,088
		Public Works Master Plan	\$ 50,000	International Ice Hockey Federation World Junior Hockey Championship	\$ 70,000	Support Department - Engagement	\$ 75,000	Vehicle and Heavy Equipment Reserve	\$ 166,087
		Seasonal Special Events Traffic Control Support	\$ 50,000	Secretary Planning	\$ 67,000	Secretary - Planning	\$ 72,500	Equity and Inclusion - Gender Diversity Training for All Staff	\$ 28,000
		Solid Waste Management Strategy	\$ 50,000	Condition Assessment Pilot Project	\$ 60,000	Secretary - Legislative Services	\$ 72,500	Equity and Inclusion - Welcoming City Strategy	\$ 50,000
		City's Truth and Reconciliation Commission Calls to Action Task Force	\$ 50,000	Inclusion Policy and Program	\$ 60,000	Support Department - Legal Services	\$ 65,000	Equity and Inclusion - External Contractor	\$ 75,000
		Car Free Day (2018-2020)	\$ 45,000	Environmental Performance Audit	\$ 50,000	Senior Centre Funding	\$ 63,900	Arts and Culture - Create Victoria Cultural Infrastructure Grant Program	\$ 100,000
		Development Services Temporary Support	\$ 42,000	Professional Certification/Project Management	\$ 50,000	55+ Games BC 2021	\$ 55,000	Arts and Culture - Create Victoria Cultural Spaces Roadmap	\$ 25,000
		Zoning Updates	\$ 30,000	Witness Reconciliation Program	\$ 50,000	Victoria 2020 Francophone Games	\$ 50,000	Banfield Park to Selkirk Bike Route	\$ 35,000
		Youth Strategy	\$ 30,000	Accessibility Framework	\$ 40,000	Our Place extended hours	\$ 50,000	Climate and Environment - Oil to Heat Pump Incentive Program	\$ 300,000
		2017 Canadian Capital Cities Organization Annual Conference	\$ 20,000	Traffic Signal Timing Update Study	\$ 40,000	Buildings and Infrastructure Reserve	\$ 48,326	Climate and Environment - Climate Champion Program	\$ 50,000
		Temporary installation of table tennis and chess tables in Centennial Square	\$ 11,000	Pioneer Square Archaeological Reporting	\$ 37,000	Youth Strategy Coordinator	\$ 30,000	Greater Victoria Coalition to End Homelessness - Pandora Task Force	\$ 50,000
		Victoria Community Association Network	\$ 1,200	Extra Bridge Coverage	\$ 30,000	Best Practices in Respectful Facilitation Training & Engagement	\$ 30,000	Placemaking - Engagement Costs	\$ 8,000
		Fairfield Community Centre Insurance Administration	\$ 500	Single-Use Checkout Bag Regulation	\$ 30,000	Greenway Plan and Design Standard	\$ 30,000	Protocol	\$ 20,000
		Total	\$ 4,032,800	Youth Strategy Liaison	\$ 30,000	Government Street Pedestrian Only	\$ 25,000	Reconciliation and Indigenous Relations - Reconciliation Training	\$ 34,650
				Youth Leaders in Training Program	\$ 20,000	Rental Initiatives	\$ 20,000	Reconciliation and Indigenous Relations - Truth and Reconciliation Dialogues	\$ 80,000
				Step Code Implementation	\$ 10,000	Municipal Alcohol Policy - Late Night Task Force	\$ 15,000	Reconciliation and Indigenous Relations - Indigenous Relations Function	\$ 75,000
				Ending Violence Association of BC	\$ 2,500	Childcare at City Hall for Public Hearings	\$ 11,000	Strategic Plan Support Services - Engagement	\$ 75,000
				Total	\$ 4,026,400	MacDonald Statue	\$ 10,000	Banfield Park Swimming Dock Study	\$ 15,000
						Council Conflict of Interest	\$ 10,000	Total	\$ 3,329,825
						Childcare Strategy	\$ 5,000		
						Late Night Task Force (Harassment)	\$ 2,500		
						Total	\$ 4,544,000		

Five-Year Operating Budget

To develop the future years of the five-year operating budget a number of assumptions have been incorporated including: no changes to services or service levels; collective agreement increases (if in place); known cost increases, such as hydro, at already announced rates; and unknown cost increases (the majority) at an inflationary factor of 2%.

Supplementary Operating Budget Requests

Before any requests for increased funding is brought to Council for consideration, staff first evaluate each need and possible ways to meet those needs without requesting additional funding; this includes process improvements that create efficiencies and free up existing staff time, shifting resources between areas, or exploring funding opportunities. Due to the pandemic and the resulting financial challenges the City is currently facing, only two supplementary requests are brought forward for consideration this year as outlined in Appendix A.

Resource Requirement Related to the Strategic Plan, Financial Plan Motions and 2020 Deferred Initiatives

The Strategic Plan contains a number of action items to be initiated in 2021 that have resource requirements and those are outlined in Appendix B. During last year's financial planning process and subsequently during the year, a number of resolutions requesting staff to report back as part of the 2021 financial planning process are outlined in Appendix C. On August 6, Council directed that initiatives where funding had been reallocated to address revenue shortfalls in 2020 be brought to the 2021 financial planning process and those are outlined in Appendix D. As outlined during the presentation of the Period 2 Accountability Report, a number of initiatives are experiencing challenges and will be carried forward to 2021. Therefore, staff capacity to take on additional work would be a challenge unless other work is reduced or deferred.

The public consultation process may result in additional funding needs. It is recommended that Council consider supplementary requests, and resource requirements related to the Strategic Plan, financial plan - related motions, and 2020 deferred initiatives along with feedback from public consultation on the draft Financial Plan.

Capital Budget

Guiding Documents and Considerations for Infrastructure Investment

The majority of the City's infrastructure investment is guided by asset master plans as well as the City's Official Community Plan, Neighbourhood Plans, regional plans and the Strategic Plan. These master plans use a range of criteria to determine priorities.

Underground utilities (sewer, storm drains and water) have 20-year asset master plans in place. Asset management planning, and lifecycle costing and analysis include:

- Risk assessment and service delivery
- Condition assessment and remaining design life
- Capacity requirements including future population growth
- Enhance resiliency to meet climate change, tsunami and seismic hazards
- Reduce rain inflow and infiltration to sewers
- Optimizing energy use

Additional factors taken into account are:

- Coordination with transportation or other right-of-way improvements (bundle projects)

- Number and location of other projects in neighbourhood in consideration of social impacts – network traffic flows

For transportation projects, there are many and varied programs and services provided including crosswalks, sidewalks, road paving and traffic calming. Each program considers a number of criteria, but the overall principles for all transportation projects are:

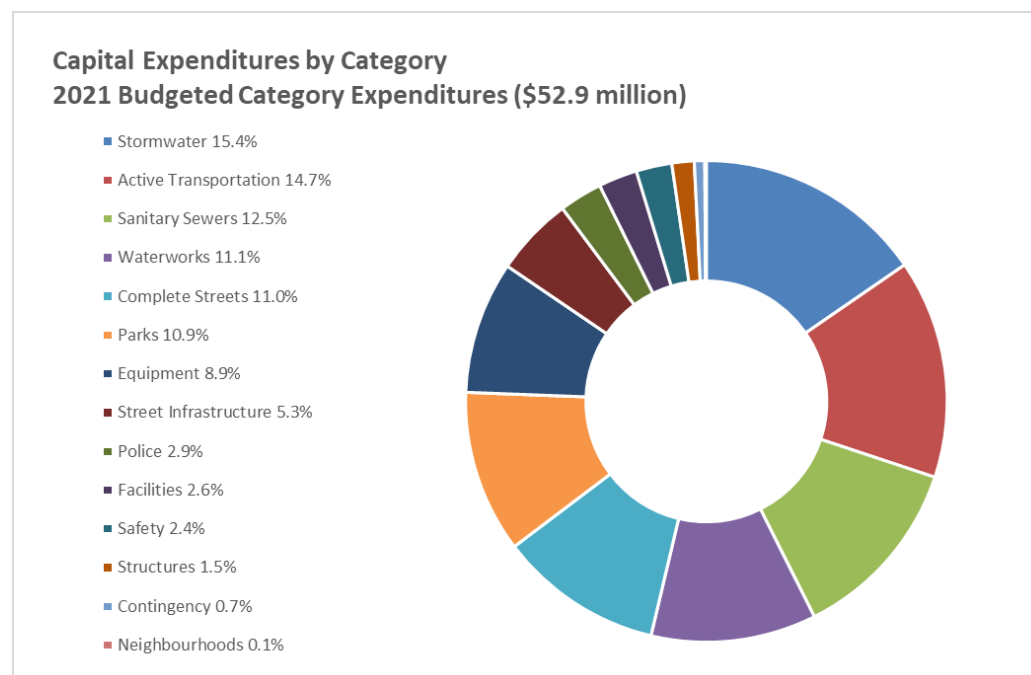
- Road safety
- Use of standards, established criteria and best practice
- Consistency of implementation to maintain system integrity
- Promoting projects fairly and equitably with the most impact and greatest benefits
- Fiscal responsibility and prudence
- Coordination opportunities

The Parks and Open Spaces Master Plan was developed through city-wide consultation with residents and other stakeholders, to assess community needs and examine investment priorities. The goals of the Plan include a focus on serving the needs of all citizens (*Foster Engaging Experiences for Everyone*). The ongoing maintenance work relating to “grey” and “green” assets in parks and open spaces is primarily driven by condition assessment data, which provides an objective measure of the state of assets in these public spaces.

The City’s investments in buildings are typically based on a few key factors, including data relating to the physical condition of these assets and systems, as well as the service priorities of occupants of these buildings. In the past three years, increased focus has been directed to quantifying and addressing physical accessibility needs, as well as energy performance, in line with the City’s overall strategic plans. Over the next several months, a long-term Facilities Master Plan will be developed, resulting in a road map for decision-making and investments in these assets, based on Council’s new strategic principles and goals.

Overview

The draft capital budget for 2021 totals \$52.9 million. The following chart outlines the proposed capital investment:



Each project has also been mapped to provide a geographic picture of where the planned capital investment is proposed to take place.



Each budget request includes both the capital cost and the ongoing additional operating costs and FTE requirements. The ongoing operating costs have been incorporated into the appropriate future years in the operating budget.

The capital budget was developed based on the principle that all asset groups are allocated some funding. In addition, as outlined above, the annual capital investment needs are determined through asset master plans and condition assessments. Asset master plans outline the level of funding that is considered sustainable to maintain current service levels and the priorities for infrastructure investment. As previously reported, the City has funding gaps for a number of asset groups including facilities, roads and fleet. Staff are working on identifying the extent of the gaps and are using mitigation strategies to extend the life of assets and reduce or delay upgrade needs.

Capital plan funding levels are determined through policy decisions, taking into account the City's risk tolerance. Historically, Council has increased property taxes for capital projects that address deferred maintenance for roads, facilities and storm drains. Since 1999, Council has increased annual capital budget funding through property taxes from \$2.5 million to \$11.6 million. As per the Financial Sustainability Policy, additional funding decisions through an increase in property taxes, will be considered by Council based on proposed projects identified by staff. For 2021, as a result of the current budget challenges, staff are not recommending any increases to this funding. The draft plan includes sufficient funding allocations to address immediate needs, but does not address the existing gaps in funding.

Historically, the City's capital plan has been funded by a combination of property taxes, utility user fees, grants, debt and reserves. Ongoing programs are typically funded by property taxes/user fees or reserves. Larger projects, such as a bridge replacement or construction of an arena, have primarily been funded through grants and debt, which is consistent with the City's debt policy.

The proposed capital budget includes projects that are underway but will not be completed before year-end. The funding for these projects must be carried forward from 2020. The budgets for these projects will be updated to reflect remaining amounts once year-end has been completed.

Reserves and Debt

The City's Reserve Fund Policy was updated in 2015, including a methodology for determining target balances. The minimum target balances have already been achieved for all reserves. However, the minimum balances are only one part of the equation and recommended capital budget spend levels also need to be taken into account as outlined in the section above in this report. The following table outlines the estimated uncommitted year-end reserve fund balances based on the assumption that all planned work for 2020 will be completed:

Description	Unallocated Balance at Dec 31, 2020	2021 Budget Transfers In	2021 Budget Transfers out & Committed	Projected Balance Dec 31, 2021
Capital Reserves				
Equipment & Infrastructure				
Police				
Police Vehicles, Equipment & Infrastructure	971,145	1,030,000	1,546,000	455,145
Police Emergency Response Team	492,588	35,000	32,000	495,588
City				
City Equipment	11,011,969	957,580	2,271,000	9,698,549
City Vehicles & Heavy Equipment	3,169,471	1,191,190	2,209,000	2,151,661
City Buildings & Infrastructure	16,152,198	5,119,730	10,823,000	10,448,928
Accessibility Capital	1,251,884	250,000	17,000	1,484,884
Parking Services Equipment and Infrastructure	13,742,447	3,550,000	265,000	17,027,447
Multipurpose Equipment and Infrastructure	654,281	142,000	25,000	771,281
Recreation Facilities Equipment and Infrastructure	1,224,465	28,300	-	1,252,765
Archives Equipment	32,218	-	-	32,218
Artificial Turf Field	1,319,823	99,470	1,200,000	219,293
Gas Tax	7,432,973	3,832,000	6,702,000	4,562,973
Water Utility Equipment and Infrastructure	25,868,616	1,770,000	453,000	27,185,616
Sewer Utility Equipment and Infrastructure	27,632,825	400,000	587,000	27,445,825
Stormwater Utility Equipment and Infrastructure	2,927,172	100,000	422,000	2,605,172
Tax Sale Lands Fund	3,306,316	50,000	-	3,356,316
Parks and Greenways Acquisition Fund	1,073,453	-	-	1,073,453
Tree Conservation	600,250	-	82,290	517,960
Local Amenities Reserve	209,443	-	-	209,443
Development Cost Charges	13,452,746	-	3,980,000	9,472,746
Downtown Core Area Public Realm Improvements	222,384	-	-	222,384
Total Capital Reserves	132,748,667	18,555,270	30,614,290	120,689,647
Operating Reserves				
Financial Stability Reserves				
City	8,781,611	205,000	310,100	8,676,511
Police	1,394,284	-	-	1,394,284
Debt Reduction	46,077,163	3,147,370	32,000,000	17,224,533
Insurance Claims	4,118,601	-	-	4,118,601
Water Utility	919,876	-	-	919,876
Sewer Utility	837,705	-	-	837,705
Stormwater Utility	448,593	-	-	448,593
Victoria Housing Reserve	2,582,942	650,000	-	3,232,942
Climate Action Reserve	501,066	363,960	440,900	424,126
Art in Public Places	471,680	150,000	150,000	471,680
Development Stabilization Reserve	7,229,990	-	-	7,229,990
Parks Furnishing Dedication Program	14,040	-	-	14,040
Total Operating Reserves	73,377,550	4,516,330	32,901,000	44,992,880
Total City Reserves	206,126,217	23,071,600	63,515,290	165,682,527

The City currently has approximately \$62.1 million in outstanding debt. According to the Financial Sustainability Policy, debt servicing charges should be kept at a maximum of 7% of the prior year's property tax levy. Currently, there is approximately \$3 million of budget room for debt servicing, which is transferred to the Debt Reduction Reserve. This is the funding that Council has set aside for the replacement of Fire Department Headquarters. There are some smaller debt issues falling

off in 2022; however, the next significant debt issue to retire is in 2031. The following table outlines the current debt issues, year of retirement and the annual debt servicing costs.

Final Year	Issue	MFA Issue - Purpose	2021 Total
2022	102	Burnside Gorge Community Centre	163,644
2022	102	City Hall Accessibility	162,992
2023	103	Parkades	137,594
2024	105	Parkades	130,394
2024	105	Crystal Gardens	249,198
2025	110	Parkades	493,694
2031	115	Johnson Street Bridge Replacement (CMHC)	743,242
2033	79	Multipurpose Arena	375,514
2033	80	Multipurpose Arena	435,514
2034	81	Multipurpose Arena	435,514
2034	130	Johnson Street Bridge Replacement	1,475,097
2036	139	Johnson Street Bridge Replacement	320,186
2037	142	Johnson Street Bridge Replacement	659,671

Allocation of Annual Gas Tax Funding

The City receives annual funding from the Federal Government through their gas tax program. The expected amount for 2021 is \$3.83 million. Each year, amounts received are transferred to the City's Gas Tax Reserve which Council approves allocations from through the annual capital plan. The majority of the projects funded through the gas tax reserve to-date have been storm drain infrastructure projects. For 2015 to 2020, Council allocated funding for the David Foster Harbour Pathway implementation, storm drain brick main replacement, LED streetlight replacement, and Bicycle Master Plan implementation. With the expected amount for 2021, the gas tax funding available is \$11.26 million.

The City is required to report annually through the Union of BC Municipalities on which projects have been funded using gas tax and the agreement outlines which types of projects are eligible. The draft capital plan includes gas tax funding for storm drain projects and Bicycle Master Plan implementation for a total allocation from the reserve of \$6.7 million.

20-Year Capital Plan

For many capital investments, such as water, stormwater, sidewalks and complete streets projects, longer-term asset master plans identify the priority order of renewals for a number of years. Those plans also indicate the estimated funding for those renewals. For these investments, ongoing budgets have been included in the 20-year capital plan.

For facilities, the future years show as "TBD" (to be determined) because a long-term plan that accounts for the strategic opportunities and functional requirements relating to City-owned buildings is under development. Once completed, this plan will inform future capital plans. A condition assessment of all parks assets was undertaken in 2018. Together with the goals within the Parks and Open Space Master Plan, this will inform future priority setting for parks projects. For some projects, such as Peter Pollen Waterfront Park, design work will determine required budgets and can be incorporated into the capital plan once completed.

It can be difficult to determine the exact funding needs far into the future, therefore all future year amounts are best estimates only.

Outstanding Council Motions

Council passed a motion to set aside \$110,000 in funding for a future longhouse in Beacon Hill Park. The funding is set aside in reserve until the First Nations are ready to proceed.

Grants

As directed by Council, grants have been grouped into five categories: direct-award grants, festival investment grants, community garden volunteer coordinator grants, My Great Neighbourhood grants, and Strategic Plan grants, which include micro-grants. Over the last two years, Council has directed a few grants to be allocated outside of the established programs and these have been grouped under “other grants”. Per Council direction, the majority of grants have been increased by inflation.

Additional Grant Requests

The Victoria Heritage Foundation has requested additional funding of 1.5% or \$3,402, and the Victoria Civic Heritage Trust has requested additional funding of 2% or \$2,350.

The South Island Prosperity Project presented to Council earlier this year outlining their plan for the next 5 years and the funding request from the City. The request for 2021 is \$218,962.

Organization	2020 Funding	2021 Request	Increase
Victoria Heritage Foundation	\$226,810	\$230,212	\$3,402
Victoria Civic Heritage Trust	\$116,500	\$118,850	\$2,350
South Island Prosperity Project*	\$218,962	\$218,962	\$0

*one-time funding

Council direction for the two heritage organizations is to include their base budget in the draft financial plan and bring forward any grant increase requests separately. For South Island Prosperity Project, Council has made annual funding decisions over the last five years (one-time funding through prior year surplus), and staff have no direction to include funding in the draft financial plan.

These additional grant requests are included in Appendix E.

The proposed funding for the direct-award grants, excluding the additional requests listed above, is as follows.

Organization	Type of Grant	2020 Final Budget	2021 Draft Budget	Change
Victoria Civic Heritage Trust	Building Incentive	920,000	920,000	0
Victoria Civic Heritage Trust	Operating	116,500	116,500	0
Victoria Heritage Foundation	Operating	226,810	226,810	0
Victoria Youth Council	Operating	26,000	26,000	0
Quadra Village Community Centre	Operating	75,000	75,750	750
Quadra Village Community Centre	Youth Programming	8,875	8,960	85
Quadra Village Community Centre	Lease Grant	44,060	44,060	0
Fernwood Community Centre	Operating	75,000	75,750	750
Fernwood Community Centre	Youth Programming	8,875	8,960	85
Vic West Community Association	Operating	75,000	75,750	750
Vic West Community Association	Youth Programming	8,875	8,960	85
Vic West Community Association	Facility (janitorial)	36,280	36,280	0
Fairfield Community Place	Operating	75,000	75,750	750
Fairfield Community Place	Youth Programming	8,875	8,960	85
Fairfield Community Place	Facility (janitorial, recycling)	48,180	48,180	0
Fairfield Community Place	Liability Insurance	5,610	5,610	0
Fairfield Community Place	Youth Outreach	15,000	15,000	0
Cook Street Village Activity Centre	Operating	75,000	75,750	750
Cook Street Village Activity Centre	Facility (strata fees)	18,423	18,600	177
Victoria Silver Threads	Operating	75,000	75,750	750
Victoria Silver Threads	Facility (lease)	122,390	122,390	0
Burnside Gorge Community Centre	Operating	75,000	75,750	750
Burnside Gorge Community Centre	Youth Programming	8,875	8,960	85
Burnside Gorge Community Centre	Youth Outreach	10,000	10,000	0
James Bay Community School Centre	Operating	75,000	75,750	750
James Bay Community School Centre	Youth Programming	8,875	8,960	85
James Bay Community School Centre	Facility (janitorial, recycling)	56,340	56,340	0
James Bay New Horizons	Operating	75,000	75,750	750
James Bay New Horizons	Facility (janitorial)	28,520	28,520	0
Oaklands Community Centre	Operating	75,000	75,750	750
Oaklands Community Centre	Youth Programming	8,875	8,960	85
Oaklands Community Centre	Facility (janitorial)	17,610	17,610	0
Cool Aid Downtown Community Centre	Operating	75,000	75,750	750
Seniors Outreach	Operating	30,000	30,000	0
Victoria Community Association Network	Operating	920	920	0
Blanshard (Hillside Quadra)	Per capita base (0.78 times population)	5,826	5,880	54
Burnside/Gorge	Per capita base (0.78 times population)	5,233	5,290	57
Downtown (incl Harris Green)	Per capita base (1.55 times population)	8,464	8,550	86
Fairfield Gonzales	Per capita base (0.78 times population)	12,652	12,780	128
Fernwood	Per capita base (0.78 times population)	7,542	7,620	78
James Bay	Per capita base (0.78 times population)	9,258	9,350	92
North Jubilee	Per capita base (1.55 times population)	4,956	5,010	54
North Park	Per capita base (1.55 times population)	5,494	5,550	56
Oaklands	Per capita base (0.78 times population)	5,480	5,530	50
Rockland	Per capita base (1.55 times population)	5,648	5,700	52
South Jubilee	Per capita base (1.55 times population)	3,554	3,590	36
Vic West	Per capita base (0.78 times population)	5,902	5,960	58
		2,689,777	2,699,600	9,823

Note: The City provides janitorial services to Quadra Village Community Centre and Fernwood Community Centre and Cook Street Village Activity Centre; no support is provided to Burnside Gorge Community Centre

It is recommended that Council consider all grant requests upon completion of the public consultation.

Public Information and Consultation

The draft budget and materials will be made available for public review on October 30, and the Budget Town Hall and e-Town Hall is scheduled for January 13, 2021. An online survey will also be conducted. City Council will consider the draft financial plan in conjunction with public input in January.

The City's budget outreach and engagement will include a number of different tools and tactics to inform and engage the public about the draft 2021 Financial Plan. A special section of the City's website - Victoria.ca/budget – will provide a one-stop hub for budget information and engagement opportunities. A budget summary brochure will give people a plain- language overview of the operational and capital budgets, as well as highlights of the City's programs and services planned for the coming year. Those who want to dive more deeply can review the full Financial Plan. Details on the Budget Town Hall and the online budget survey will also be hosted here. Budget consultation will be actively promoted through social media, print advertising, digital display boards at City Hall, the City's Connect community e-newsletter, direct stakeholder and neighborhood outreach, and media outreach.

Although the City has increased participation broadly over the past five years, we continue to work on reaching traditionally under-represented groups and reducing barriers to participation to ensure feedback on the Financial Plan represents an accurate reflection of the community, to the greatest extent possible. We will continue to place a particular focus on connecting with renters in Victoria, as they represent 61% of the population but have participated less than those who own a home, likely due to a misconception that the budget is only connected to property taxes. We will continue to work with the City of Victoria Youth Council to encourage youth to participate in this important engagement process. We will also continue to reach out to the business community, which pays nearly 50% of taxes in Victoria.

Timeline

The following table outlines the proposed timeline for this year's process.

Dates	Task
November 10, 23, 30, 2020	Detailed department presentations of draft Financial Plan
December 3, 2020 Daytime Council	First reading of Financial Plan bylaw
December 2020 to January 2021	Public consultation
January 13, 2021	Town Hall / e-Town Hall meeting
January 2021 Committee of the Whole	Present consultation results and seek direction on changes to Financial Plan and Strategic Plan
April 2021 Committee of the Whole	Final report on Financial Plan including incorporated changes; report on 2020 tax rates
April 2021 Council	Second and third reading of Financial Plan bylaw; first, second and third reading of tax bylaw
April 2021 Council	Adoption of Financial Plan bylaw and tax bylaw

OPTIONS & IMPACTS

This report outlines the budget requirements for the City's numerous programs and services as well as capital projects. Some of the challenges for 2021 are expected to be ongoing, such as costs related to 'new asset inventory' and contractual cost increases. Others, such as revenue shortfalls may be more temporary in nature depending on the timing and extent of economic recovery in the region. Different mitigation strategies can be used for temporary versus permanent budget shortfalls. While temporary changes could be managed through temporary funding allocations, permanent cost increases should be funded through ongoing revenues or permanent reductions in other costs to ensure there is an ongoing funding source. This avoids deferring the decision on a funding source to a future year and is consistent with the City's Financial Sustainability Policy.

A number of mitigation strategies can be implemented to reduce the tax increase required to fund the financial plan and they are outlined below. These mitigation strategies have been developed to limit impacts to service delivery.

Mitigation Strategies Incorporated in the Draft Financial Plan

Reserve Contributions – Eliminate Planned Increase

As outlined in the 'Reserves and Debt' section above, the City has a number of reserves established for various purposes. The Financial Sustainability Policy provides for an annual \$500,000 increase in the transfer to infrastructure reserves funded by new property tax revenue from new development. Given the other funding needs this year, no increase in reserve savings has been incorporated for 2021. However, the reserve transfer levels remain the same as in 2020 to reduce the impact on capital funding needs and the infrastructure deficit. This is especially important taking into account the mitigation strategy outlined below in the 'Additional Mitigation Strategies' section to reallocate a portion of the property tax funding typically used for the capital budget to instead fund revenue shortfalls in the operating budget. However, it is equally important to note that even this is a 'stop-gap' measure and, if continued, over time would add to the infrastructure deficit.

Capital Budget – Focus on Essential Projects/Programs

Significant funding for asset maintenance and capital upgrades is included in both the operating and capital budgets; the majority is for existing assets and a smaller portion to expand or create new assets. It is important to ensure adequate investment in asset renewal to avoid creating deferred maintenance and increasing the infrastructure deficit. In addition, the expectation in the community is that City assets will be adequately maintained, which is fundamental to public health and safety, and also that assets are upgraded to meet evolving City policies and community need.

The draft capital plan balances the above considerations and provides an opportunity to reallocate a portion of property tax funding as outlined in the 'Additional Mitigation Strategies' section below.

Utilities – Eliminate Revenue Increases

The City's utilities are primarily funded by user fees, with a portion of the Stormwater Utility funded by property taxes. Both the operating and capital budgets are funded using a 'pay as you go' approach, meaning that current user fee revenues cover all costs. For 2021, it is possible to avoid a revenue budget increase and utilize reserve funding for a portion of the capital projects and this has been incorporated into the draft Financial Plan.

Additional Mitigation Strategies

Capital Budget Funding Reallocation – up to \$3 million

Approximately \$11.6 million of the capital budget is funded by property taxes. As outlined above, the draft capital budget has been focussed on essential projects for 2021 and planned increases for asset groups with known funding gaps, such as roads, have been deferred. Therefore, there is an opportunity to reallocate \$3 million of this property tax funding to the operating budget to mitigate the tax increase. The remaining funding is required to ensure that adequate asset upgrades take place in 2021.

Service Adjustments - \$3.9 million to \$5.1 million

A number of service adjustments have been explored with a view to minimize impacts to services.

1. Travel, Conference and Training – savings of up to \$350,000

As a result of the pandemic, many conferences and training courses have moved to online platforms providing lower cost options while still providing staff professional development opportunities.

2. Special Events – savings ranging from \$25,000 to \$590,000

Due to gathering size restrictions, some special events may not take place in 2021. As they are seasonal, the savings are linked to the length of the pandemic and would be higher the longer the restriction are in place.

3. Late Night Great Night – savings up to \$270,000

This program is also impacted by gathering size restrictions and activity downtown and may only be required for a portion of the year.

4. Vacancy Management – savings ranging from \$3 million to \$3.5 million

Each year, vacancies commonly arise as employees are promoted, take long term leaves, retire, or resign. In a typical year, the normal recruitment timelines for staffing vacancies can result in savings of at least \$1 million. Potentially significant additional cost savings can be achieved by implementing a vacancy management program which delays staffing of vacant positions other than those deemed critical for health and safety or related to operational priorities. A vacancy management program effectively spreads the resulting impact on workload more evenly across the organization. In addition, Council may wish to consider a further delay in staffing the new, vacant positions that were deferred in 2020 (Appendix F), which could result in additional savings of up to \$800,000. This would not remove the positions from the budget, but simply delays actioning them.

5. Eliminate Office Lease – savings \$70,000

The City currently rents office space and the lease expires in June 2021. Not renewing that lease would result in annual savings of approximately \$140,000; \$70,000 for 2021. In response to the COVID-19 pandemic, the City adopted new ways to deliver services supported by technology and introduced flexible work arrangements. There are opportunities to build on recent experience and shift away from traditional on-site work to realize the benefits of flexible work arrangements over the longer term, including increased employee engagement and retention, more efficient use of space, and reduced climate impact. Many public and private sector employers have adopted or are planning a similar approach, which over time may result in further costs savings and/or cost avoidance.

6. Re-open Victoria Conference Centre in April or later – savings of a minimum of \$300,000
The Victoria Conference Centre has been closed since March. Due to the public health orders restricting the size of gatherings, and the fact that conference business in many cases is booked years in advance, re-opening is anticipated in April 2021 or later. While the facility is closed, a virtual conference package is being offered which provides a revenue opportunity for the facility.

New Property Tax Revenue from New Development – estimated at \$500,000

This revenue has historically been used to offset cost increases, save in reserves or to fund new initiatives. The amount of new revenue for 2021 will be finalized in March 2021 but is estimated to be approximately \$1 million. As outlined earlier in this report, Council has already allocated \$491,000 for additional bylaw officers and \$7,500 for an annual grant to Bike to Work Society. Given the funding challenges as outlined in this report, it is recommended that any additional new assessment revenue be used to offset cost increases and revenue losses.

Grant from Province – to be announced

On July 22, 2020 the Province announced their plan to provide financial support to local governments. In the backgrounder document for their *Stronger BC for everyone* economic recovery plan released on September 17, 2020, a further summary outlined that this funding would be automatically allocated to municipalities based on an adjusted per-capita basis in 2021. This funding is to support local governments to continue to deliver the many services and programs members of the community rely on and can help offset lost revenues, additional costs and other COVID-related impacts. The amount Victoria will receive is currently unknown, although it is anticipated that it might be several million dollars.

Financial Stability Reserve

All of the above mitigation strategies are intended to help offset the estimated revenue shortfalls and cost increases. It is recommended that the Financial Stability Reserve be used as the contingency to offset any further unforeseen shortfalls that may arise during 2021.

New or Expanded Services

Staff recognize that Council may wish to enhance existing services and establish new services, specifically as outlined in the City's Strategic Plan and through additional resolutions passed throughout the year.

As noted within this report, staff have also identified some resource gaps that are resulting in service delivery challenges, and these supplementary requests are outlined in Appendix A.

The City's Financial Sustainability Policy provides guidance on funding new services or enhancements to existing services through a combination of:

1. A reduction in the cost of existing services. This may include a reallocation of resources from one area to another.
2. An increase in non-tax revenues.
3. A further increase in property taxes.

It is recommended that consideration of any new or enhanced services uses the funding principles in the Financial Sustainability Policy.

The following table outlines how the tax increase could be reduced by implementing the additional mitigation strategies:

	Low Range	High Range
Cost Drivers		
Salaries and Benefits	\$ 2,269,150	\$ 2,269,150
New Assets - Operating Impacts	540,000	540,000
Insurance	280,000	280,000
Revenue Changes		
Parking	4,670,000	4,670,000
Victoria Conference Centre	2,000,000	2,000,000
City-Owned Property Leases	430,000	430,000
Business Licenses	300,000	300,000
Arena Ticket Surcharges	114,000	114,000
Payment In-lieu of Taxes	(240,000)	(240,000)
Other Changes	(143,219)	(143,219)
City Sub-Total	\$ 10,219,931	\$ 10,219,931
Police	\$ 747,039	\$ 747,039
Greater Victoria Public Library	\$ 24,000	\$ 24,000
Sub-total Before Mitigation Strategy	\$ 10,990,970	\$ 10,990,970
Mitigation Strategies		
Capital Budget Reallocation of Funding	(3,000,000)	(3,000,000)
Service/Program Adjustments		
Reduce Travel, Conference and Training Budgets	(350,000)	(350,000)
Reduce Special Events Budgets	(25,000)	(590,000)
Reduce Late Night Great Night Budget	(135,000)	(270,000)
Vacancy Management	(3,000,000)	(3,500,000)
Eliminate Office Lease	(70,000)	(70,000)
Delay Re-opening of Victoria Conference Centre	(300,000)	(300,000)
Remaining New Property Tax Revenue from New Development	(500,000)	(500,000)
Grant from Province of BC *	(1,100,000)	-
Total Mitigation Strategies	(8,480,000)	(8,580,000)
Draft Property Tax Increase \$	\$ 2,510,970	\$ 2,410,970
Draft Property Tax Increase %	1.75%	1.68%

* It is anticipated that the provincial grant will be several million

Any funding received from the Province above what is needed to reduce the tax increase to Council's target of inflation plus 1% could be used to fund costs such as those outlined in the supplementary requests to mitigate impacts of sheltering.

Accessibility Impact Statement

Initiatives and projects within the Financial Plan support accessibility improvements.

Strategic Plan

The draft Financial Plan is aligned with the Strategic Plan and contains funding for many of the action items within the Strategic Plan. Appended to this report are funding requirements for additional Strategic Plan action items for Council's consideration during this year's financial planning process.

Impacts to Financial Plan

The 2021-2025 Financial Plan will replace the current year's plan.

Official Community Plan Consistency Statement

The many initiatives included within the financial plan are consistent with many policies within the Official Community Plan including support for infrastructure asset management objectives, in particular, policy 11.4 to maintain and enhance the allocation of resources for civic infrastructure repairs, upgrades and replacement.

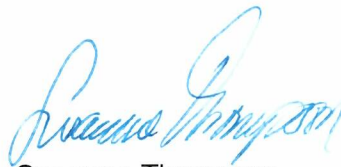
CONCLUSIONS

The financial planning process involves balancing needs and competing priorities. Council's review of the many services, programs and capital projects the City implements annually, together with input from the public will further shape the financial plan.

Respectfully submitted,



Jo-Ann O'Connor
Deputy Director of Finance



Susanne Thompson
Deputy City Manager and Chief Financial Officer

Report accepted and recommended by the City Manager:



Date: October 30, 2020

List of Attachments

- Appendix A – Supplementary Requests
- Appendix B – Strategic Plan Action Items Resource Requirement Assessment
- Appendix C – Financial Plan Motion Report Backs
- Appendix D – 2020 Deferred Initiatives
- Appendix E – Additional Grant Requests
- Appendix F – Deferred Positions
- Appendix G – Financial Sustainability Policy, Revenue and Tax Policy, Reserve Fund Policy

APPENDIX A - 2021 SUPPLEMENTARY BUDGET REQUEST

MITIGATING IMPACTS OF SHELTERING

1. REQUEST DESCRIPTION

For the past five years, the City has approved annual investments to mitigate the negative impacts of outdoor sheltering in parks and public spaces. The purpose of the funding program is to address the need for increased public washroom cleaning, temporary infrastructure (ie. portable toilets, handwashing stations, etc), waste removal in parks and other public areas, security patrols, as well as bylaw enforcement. This program has expanded in recent years, due to the increasing number of individuals experiencing homelessness and mental health and addictions issues, who are living in City parks.

2. REQUEST RATIONALE

The City has experienced a particularly large increase in the volume of outdoor sheltering activity in the past year, due to the COVID-19 pandemic. At present, an estimated 250-270 shelters are erected in parks and other public spaces. As the level of homelessness has grown, concerns relating to safety and cleanliness in parks and public space have also increased.

City parks are not designed to accommodate sheltering and the expansion of this activity has led to various impacts, including:

- Debris and hazardous material such as hypodermic needles, broken glass, and biological hazards
- Conflicts between various other user groups and persons sheltering
- Damage to property
- Incidents of threats and harassment towards City staff by persons sheltering
- Criminal activity
- Risk of fire due to open burning for heat, cooking, drug manufacturing and consumption and presence of combustibles
- Damage to natural assets, such as trees, vegetation, garden beds, through cutting, digging, burning, and staking

Based on the experiences of the past year, staff are proposing additional resourcing to assist with managing the higher need for supports. The increased budget will allow for the following:

- Daily response to the impacts of sheltering activity.
- Expanded access for individuals sheltering to basic services (i.e. washrooms, water fountains, waste removal)
- Enhanced security services

3. SERVICE LEVEL IMPACT IF NOT APPROVED

The homelessness crisis is complex and the services identified are required to effectively respond to issues of safety and other risks. If the proposed budget is not approved, a reduction in the delivery of core services, such as those noted below, would be required to manage these impacts.

- Reduced street sweeping and washing
- Reduced pressure washing and sidewalk cleaning
- Reduced garbage collection
- Reduced parkade cleaning
- Reduced weeding and boulevard maintenance

APPENDIX A - 2021 SUPPLEMENTARY BUDGET REQUEST

4. FINANCIAL IMPACT

Service Stream	2020 Budget	2020 Projected Actuals	2021 Proposed Budget	Notes
Sheltering Clean-Up in Parks	266K	560K	656K	Six staff seven days a week
Street Cleaning Services	0	150K	500K	Four staff seven days a week
Security Patrols	65K	352K	260K	24/7 mobile patrols to monitor park sites
Janitorial Services	30K	140K	140K	One staff seven days a week + Centennial Square extra cleaning
Portable Toilet Service (10 units)	8K	113K	114K	Hydrovac costs for toilet servicing and disposal of sharps
Temporary infrastructure (fencing, fountains handwashing stations, etc)	0	90K	70K	
Fleet	22K	22K		
Total	391K	1.4M	1.74M	

Due to the fact that a significant portion of the costs noted above are required because of the pandemic, staff will continue to seek reimbursement of expenses wherever possible from the province through Emergency Management BC (EMBC).

5. ONE-TIME OR ONGOING FUNDING

One-time

6. FTE REQUIRED

11 FTE's

APPENDIX A - 2021 SUPPLEMENTARY BUDGET REQUEST

LEGAL SERVICES

1. REQUEST DESCRIPTION

One full-time Assistant City Solicitor position to replace the temporary funding (0.6 FTE) that expires on December 31, 2020.

The incumbent is retiring from the legal profession at the end of his term in December, therefore, new recruitment will be required. A full-time position is being proposed to address growing workload demands and to increase our chances of recruiting qualified candidates.

2. REQUEST RATIONALE

In 2018, temporary funding was provided for an additional Assistant City Solicitor (0.6 FTE) to address increased demands on Legal Services due to a number of strategic plan initiatives that required legal work. While that temporary funding is expiring in December, the workload has not decreased and is not expected to decrease in 2021 and beyond. In fact, the demand for legal services has increased due to the growing legal complexity of new initiatives/programs Council is exploring or pursuing, as well as new and increased demands for legal assistance to address emerging and continuing issues such as homelessness, sheltering in parks, and climate change. All of these issues involve novel responses, which require considerable legal analysis to ensure that they are legally sound and defensible.

3. SERVICE LEVEL IMPACT IF NOT APPROVED

Legal Services is a service department as it supports all other City departments. Therefore, there would be impacts on all other departments if the position is not approved, as all legal services would require more time to process, having ripple effects throughout the organization. The most immediate impact of not approving the requested position would be on:

- a) Development Services (SPCD) – There has been no reduction in the volume of land use and land development applications. The majority of these include preparation of numerous legal agreements and bylaws, as well as, frequent legal advice regarding various creative proposals and initiatives. Without the proposed new position, the response time for these applications would likely be increased by 30%, impacting Development Services response times and, potentially, delaying public hearings.
- b) Strategic Real Estate (SRE) – Virtually every transaction contemplated or negotiated by SRE heavily relies on Legal Services both at the strategic level of structuring the transaction and the actual preparation of legal agreements to implement it or to properly secure the City's interests. A delay in Legal Service's ability to respond promptly to SRE's inquiries would have significant impacts on their ability to successfully pursue various initiatives or opportunities.
- c) Community Planning (SPCD) – Many initiatives pursued by Community Planning explore the limits of the City's legal authorities to maximize achievement of Council's objectives.

APPENDIX A - 2021 SUPPLEMENTARY BUDGET REQUEST

All of them require legal review and advice, frequently in areas that are novel and very complex. Without such review, availability of which would be severely limited if the proposed position is not approved, there is a risk of initiatives that exceed City's jurisdiction and expose the City to legal challenges and failure, in addition to slower response times.

- d) Energy and Climate Action (EPW) – Municipal authorities in the field of climate change and sustainability remain uncertain and most initiatives are open to potential legal challenges (e.g., plastic bags). Early and comprehensive involvement from Legal Services is critical to successful development and implementation of most new initiatives for addressing climate change and sustainability. Failure to approve the proposed new position would make legal review and advice significantly slower (the ability to process requests would be reduced by as much as 25%) significantly delaying development and implementation of the projects required to meet the Climate Action Leadership plan.
- e) Bylaw Services – enforcement of City bylaws is critical to successful implementation of most of Council's policies and priorities. Successful enforcement relies on close co-operation between Bylaw Services and Legal Services. Without the proposed new position, Legal Service's ability to provide prompt assistance to Bylaw Officers would be severely impacted with significant impacts on successful enforcement outcomes.

It is theoretically possible to address some of these impacts by utilizing external legal resources (i.e., send work to external law firms) rather than by creating an additional in-house position. However, external legal services cost, on average, twice as much as in-house lawyers. Therefore, that option would have much greater financial impacts.

4. FINANCIAL IMPACT

The total cost of a full-time Assistant City Solicitor (salary and benefits) is \$183,410. However, recently the City has increased air space subdivision fees to \$15,000. This increase was primarily driven by the legal work associated with processing air space subdivisions. Land Development (EPW) estimates that the City will receive three to five such applications every year, generating between \$45,000 and \$75,000 in fees, which could offset a significant portion of the cost of the new position.

5. ONE-TIME OR ONGOING FUNDING

Ongoing funding to replace expiring one-time funding.

6. FTE REQUIRED

1 FTE – one permanent full-time position.

APPENDIX A - 2021 SUPPLEMENTARY BUDGET REQUEST

YOUTH STRATEGY

1. REQUEST DESCRIPTION

Part-time Youth Strategy Assistant to continue to implement the City of Victoria Youth Strategy.

2. REQUEST RATIONALE

In 2017, the City of Victoria adopted a Youth Strategy designed to get more youth involved in local government, give young people a voice in local government and be part of planning the future of their community. Written by a team of 10 youth between the ages of 12 and 25, and informed through engagement with hundreds of youth, educators, youth workers, and community members, the plan includes practical and creative initiatives to get youth involved in their local government.

The youth strategy identifies more than 20 actions over a three-year period that fall under three broad categories:

- Openness and inclusivity
- Communication and education
- Opportunities and support

Activities include creating tools for City staff to better engage youth, connecting youth with local support services, and developing a curriculum for schools to teach youth about local government.

Work in 2021 will continue to advance key actions identified in the strategy that have not yet been fully realized or that have been delayed due to COVID. As well, the Youth Strategy Assistant will lay the groundwork for a review and refresh of the Youth Strategy in 2022.

The Youth Strategy Assistant and responsibility for the Youth Strategy will move to the Neighbourhoods Team in 2021 from Engagement to further align ongoing work to implement the strategy with other youth-related programs and services delivered across the City.

Key activities include:

- Revamping the Youth section of the City's website to act as a clearinghouse for all City of Victoria youth-related initiatives, services and opportunities.
- Pilot a YouthHub drop-in space, as part of the downtown NeighbourHub, once COVID restrictions are lifted.
- Continue to work closely with the City of Victoria Youth Council to coordinate activities and projects
- Advise and support youth engagement on City projects including ZeroWaste, Climate Action, Park improvements, Active Transportation, and Budget 2021
- Support the Welcoming City Strategy development

APPENDIX A - 2021 SUPPLEMENTARY BUDGET REQUEST

3. SERVICE LEVEL IMPACT IF NOT APPROVED

Will slow further progress on implementation of some Youth Strategy initiatives and halt action to implement others. Some of the previously completed initiatives have been operationalized as part of regular service delivery within departments, particularly Engagement, Arts, Culture and Events, Community Relations and Human Resources.

4. FINANCIAL IMPACT

\$30,000

5. ONE-TIME OR ONGOING FUNDING

One time

Appendix B - Strategic Plan 2021 Action Items

	New Strategic Plan Objectives and Actions for 2021	Ongoing \$	One-time \$	Capital \$	In Draft Financial Plan
Pages	1. Good Governance and Civic Engagement				
1-45	Undertake a Council salary review including a report back on eliminating parking privileges and including the bus pass program	TBD	5,000 - 20,000	0	No
46	Undertake a staff salary review	0	15,000 - 20,000	0	No
47-51	Initiate a governance review	TBD	50,000 - 75,000	0	No
	2. Reconciliation and Indigenous Relations				
52	Explore co-governance of Meegan (Beacon Hill) Park and shoreline areas with the Lekwungen speaking people	TBD	TBD		No
	3. Affordable Housing				
53	Explore the potential of creating a Victoria Housing Corporation	TBD	TBD	0	No
54	Develop relevant partnerships and pilot a project matching seniors with extra bedrooms with eligible lodgers	0	0	0	2022 target completion
	4. Prosperity and Economic Inclusion				
55	Work with partners to explore improved access to low cost or free internet service	TBD	TBD	several million	No
	5. Health, Well-Being and a Welcoming City				
	<u>Urban Agriculture:</u>				
56	a. Working with specialists in the field, explore agriculture water rates for food production in the city on land that is used principally for food production	0	0	0	N/A
57	b. Advocate to BC Assessment for farm classification for lands being used principally to grow food and consider lowering the tax rates for urban farms (once designated by BC Assessment)	0	0	0	N/A
58	c. Support neighbourhood food/meal programs	0	0	0	Yes
59	d. Work with non-profits to bring back the Sharing Backyards Program	0	0	0	Yes
	6. Climate Leadership and Environmental Stewardship				
60	Implement a robust Zero Waste Strategy	Already approved	Already approved	In draft capital plan	Yes
No page - complete	Mandate electric vehicle charging capacity in all new developments	0	0	0	Complete
61	Work with the Greater Victoria Harbour Authority on options for shore power and lower emissions ground transportation	0	0	0	N/A
	7. Sustainable Transportation				
62	Lower speed limits on local neighbourhood streets to 30 km per hour	0	125,000	0	No
	8. Strong, Livable Neighbourhoods				
63	Explore partnerships to create meeting space and a home base for the Downtown Residents Association	60,000	0	0	No
64	Work with School District 61 to explore use of Sundance School as a community centre for a Jubilee Community Centre	TBD	TBD	TBD	No
65	Work with the Greater Victoria Public Library to provide library services in the north end of the city, including the exploration of a new neighbourhood branch	TBD	TBD	TBD	No
66	Ship Point Plan and Funding Strategy	TBD	TBD	TBD	No
	Total	\$60,000 plus TBD	\$195,000 - \$240,000 plus TBD	Several million plus TBD	

Strategic Plan 2021 Action Items - Report Back

COUNCIL SALARY REVIEW

Undertake a Council salary review including a report back on eliminating parking privileges and including the bus pass program

BACKGROUND:

The current Council Remuneration Bylaw was implemented in 2009 after a citizen committee review. The bylaw provides for annual increases equal to the consumer price index (all items) for Victoria.

The Union of BC Municipalities (UBCM) Council and Board Remuneration Guide September 2019 (attached) identifies different options and best practices for local governments to consider in addressing remuneration for elected officials. Factors to consider in determining remuneration include expected time commitment, financial impacts to employment and future career development, and the elimination of potential barriers to participation for people from a variety of backgrounds, demographic and socio-economic groups, and employment types.

The Guide suggests the review be conducted by an independent task force, rather than by staff or an external consultant, and identifies that the success of this approach requires careful attention to the appointment of members, development of task force terms of reference, and support for the task force's work including orientation to the roles/responsibilities of the mayor and council, and staff support to collect and analyze data, organize meetings, and conduct research.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

The following options are dependent on Council direction regarding a governance review, which may clarify and/or impact workload and expected time commitments for Mayor and Council, and on the scope of the remuneration review.

Options:

1. Initiate the Council remuneration review after the governance review has established expectations for Council members, including roles and responsibilities, workload and time commitments, either by:
 - a. Establishing a citizen committee and conduct a review similar to 2008. This review took a number of months to complete and involved opportunity for public input. It is estimated that approximately 6-8 months would be required for this process, including establishing the committee, providing sufficient time for the committee to do the review and solicit input from the public, and make any bylaw amendments. Staff time would be required to compile and provide background information as well as answer questions.
 - b. Retaining a consultant to undertake a review similar to 2008. Estimated cost is \$15,000 - \$20,000 and with a similar timeline to option 1a.
2. Initiate the Council remuneration review independent of the governance review, either by:
 - a. Requesting staff to send out a survey to similar municipalities requesting information on remuneration, benefits, expense reimbursement options, meeting frequency and work load (full time vs. part time) and provide a summary report to Council for consideration. The estimated timeline to complete this, allowing sufficient time for municipalities to respond, and report back to Council is approximately 2-3 months.
 - b. Retain a consultant to survey similar municipalities as outlined in option 2a, providing a summary report including potential options or recommendations for Council's consideration. Estimated cost is \$5,000 - \$10,000 and timeline is similar to option 2a.



UNION OF BC MUNICIPALITIES

COUNCIL & BOARD REMUNERATION GUIDE

FIRST EDITION
SEPTEMBER, 2019

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INTRODUCTION

In British Columbia, local governments are responsible for providing a broad range of local services to address infrastructure needs, regulate land use, move people and goods, tackle challenging social issues, promote active living, protect the natural environment, and deal with a host of other issues. The elected officials that sit on the municipal councils and regional district boards collectively make, and accept responsibility for, the funding, policy, and service delivery decisions that are required in order for local government to work. Local elected officials also have responsibility for ensuring that the councils and regional district boards themselves function effectively as democratic, representative governing bodies.

Effective governance requires the elected officials to make decisions regarding the structure and operation of the governing bodies. One of the more difficult decisions that must be made by the officials involves the setting of their own remuneration.

Local elected officials in BC endorsed a resolution at the 2018 Union of BC Municipalities (UBCM) Convention that tasked UBCM with developing a resource to support local decision makers in the development of remuneration packages that are defensible and fair. This *Council & Board Remuneration Guide* presents best practices for local governments to consider.

Development of Guide

The *Guide* was developed through a five-stage process:

- > *Stage 1: Background Research* — Research was conducted to identify and understand the challenges faced by local governments in setting remuneration levels for council members and board directors. Remuneration approaches for elected officials in other orders of government were briefly explored as part of the research.
- > *Stage 2: Survey* — A survey was sent to every municipality and regional district in the province to understand elected official remuneration policies and practices in place today, to learn about approaches that appear to work well, and to understand lessons learned. A total of 75 local governments responded to the survey, which translates into a response rate of 39%. Included in the list of respondents were eleven of the twenty largest municipalities (by population), five

LOCAL GOVERNMENT AUTONOMY

The best practices set out in the Guide recognize that local governments have autonomy to develop approaches to remuneration that reflect local needs and circumstances. The Guide offers practical advice, based on research findings and the experiences of municipalities and regional districts, for local governments to consider. Each local government will need to determine, based on its own review of the information, its preferred course of action.

of the smallest municipalities, and twelve regional districts. All regions of the province were well represented (see sidebar).

- > *Stage 3: Interviews* — Approximately twenty follow-up interviews were conducted with a subset of the municipalities and regional districts that responded to the survey. Written materials from these local governments were obtained and reviewed; materials from other places identified through the research were also reviewed.
- > *Stage 4: Best Practices* — Based on the background research, survey results, and discussions with individual local governments, a set of best practices was developed for the *Guide*.
- > *Stage 5: Guide* — The UBCM Executive approved the scope and approach for the *Guide*. The final draft, complete with recommended best practices, was reviewed by UBCM's Presidents Committee. Input provided by the Presidents Committee was used to finalize the document.

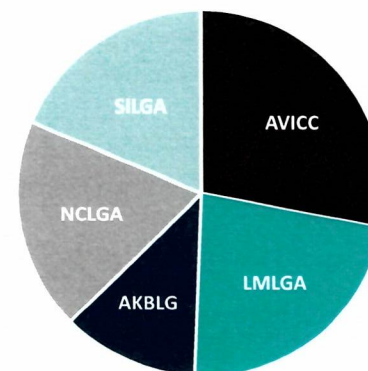
Organization of Guide

The *Council & Board Remuneration Guide* is organized into six separate sections. Section 1 sets the stage by exploring why remuneration for elected officials is important, and why local governments need to review remuneration levels periodically. Sections 2, 3, and 4 then focus on remuneration reviews themselves. Section 2 begins by considering who should conduct such reviews. Three options are identified and assessed. Section 3 addresses the question of "when" — specifically, when to review remuneration, and when to implement the results of a review. The distinction between a full review and an adjustment is explained in this section. Section 4 examines how to conduct a review. The development of comparison groups, the collection of data, and the use of simple formulas are all topics that are addressed the text. Advice on expenses and benefits is also provided. Section 5 addresses the importance of communication. Information to communicate, audiences to reach, and methods of communication to consider are outlined.

Best practices for local governments to consider in addressing remuneration for elected officials are presented throughout the *Guide*. Section 6 brings the practices together into one summary table.

SURVEY OF LOCAL GOVERNMENTS

In total, 75 municipalities and regional districts participated in the survey on elected official remuneration. As illustrated in the accompanying chart, all regions of the province (identified using UBCM Area Associations) were represented.



Use by Local Governments

It is important to emphasize that the *Guide* does not prescribe or suggest specific levels of remuneration or particular expense and benefits packages for local elected officials. The *Guide* is focused, instead, on helping local governments develop approaches that can be used by decision-makers to establish compensation programs that are fair both for elected officials and local taxpayers.

It should be noted, as well, that the *Guide* recognizes the autonomy of local governments in the development of approaches that reflect local needs and circumstances. The *Guide* offers practical advice for local governments to consider, based on research findings and the experiences of municipalities and regional districts around the province. Each local government, however, will need to determine, based on its own review of the information, its preferred course of action.

On a related note, the *Guide* recognizes that there is significant variability among local governments in British Columbia. Considerable differences in population, area, scope of services, size of administration, location, growth rate, local economy, and other factors mean that local governments will need to apply the best practices in ways that respond to local needs and are sensitive to local conditions. To assist local governments in this task, care has been taken to provide advice that can be applied in a variety of local settings.

Key Terms

Certain terms are used repeatedly throughout the *Guide*. Key terms and their meanings are presented in Figure I.1 in alphabetical order.

VARIABILITY AMONG LOCAL GOVERNMENTS

Considerable differences among local governments in population, area, scope of services, size of administration, location, economy, growth rate, and other factors mean that jurisdictions will need to apply the best practices in ways that respond to local needs and are sensitive to local conditions. Care has been taken to provide advice that can be applied in a variety of local settings.

Figure I.1
Key Terms in the Guide

Term	Meaning
Benefits	Benefits are the incentives, services and protections provided to local government elected officials during their time in office.
Expenses	Expenses are charges incurred by local government officials in the course of their duties, and are necessary in order to perform their duties.
Local Governments	Local governments include municipalities, governed by councils, and regional districts, governed by boards of directors.
Local Government Elected Officials	Local government elected officials include members of municipal councils, and directors of regional district boards. Members of council include mayors and councillors. Regional district directors include chairs and vice chairs.
Remuneration	In a narrow sense, the term remuneration in the <i>Guide</i> refers specifically to money that is paid to local elected officials as compensation for the duties they perform. Remuneration in this sense includes base salaries, but also supplemental payments that typically take the form of per-meeting stipends. Remuneration is also used in a broader sense to include expenses and benefits packages, in addition to money. The exact usage of the term throughout the text is context-specific.
Remuneration Adjustment	This term refers to increases that are automatically applied, usually on an annual basis, to an elected official's base salary. The level of adjustment is determined by a pre-determined index (e.g., consumer price index), or combination of indices.
Remuneration Review	A remuneration review is a formal assessment of existing remuneration provided to elected officials. In most cases, reviews include a consideration of pay, expenses, and benefits.

SECTION 1

IMPORTANCE OF REMUNERATION

Most people who seek election to a municipal council or regional district board are driven, first and foremost, by a strong sense of public service and a desire to make their communities better. Remuneration is not, in most cases, an important motivating factor. Individuals who do make the commitment to serve as local elected officials, however, should be able to expect fair and reasonable compensation. This section of the *Guide* explains why remuneration is both warranted and important.

FACTORS TO CONSIDER

Time Commitment

Local government elected officials are expected to commit considerable time (and energy) to their roles on municipal councils and regional district boards. In larger municipalities and in some regional districts, the roles of mayor and chair are full-time positions in which incumbents typically work more than full-time hours. Even in places where such positions are part-time in nature, the time requirements can be significant, as they are for councillors and directors. Time must be spent reviewing comprehensive agenda packages, attending council or board meetings and public hearings, engaging with residents, participating in civic events, and handling a variety of other tasks. For elected officials who serve on more than one governing body, on committees and commissions, and as appointees to external agencies and associations, the time commitment is even greater.

Councils and boards need people who are willing and able to commit the time needed to serve. Remuneration reflects and compensates individuals for the time they must spend to do the job.

Employment and Financial Impacts

The time required to serve on a municipal council or regional district board will reduce the amount of time available to spend on other paid work. For individuals who are mid-career, this reality can negatively impact their current employment situation, as well as their total earned income. In some cases the impact may extend to affect future career development and earning potential, since time spent on a council or board translates into less time available to apply to building a career path.

TIME COMMITMENT

“Municipal politics is different than the rest in that Council members are always on the clock. Businesses close at the end of a day, people go home from work and provincial and federal politicians have staff and deputies to assist with their very demanding schedules. City Council members are on their own and take ownership of all issues and concerns from the community. They are never off the clock.”

*Remuneration Task Force
City of Kamloops*

Remuneration for local elected officials will not fully offset the employment and financial impacts experienced in every case. In keeping with the public service motivation of people who choose to run for local office, there is arguably a tacit acceptance by those in office of some level of sacrifice. Remuneration should, however, be fair as well as sufficient in order to mitigate any sacrifice required. Unfair and insufficient remuneration may render elected office off-limits to a variety of prospective candidates.

Responsibility

Municipal councils and regional district boards are responsible for increasingly broad and complex portfolios of local government services. The elected officials who sit on these governing bodies contribute to and accept responsibility for funding, policy, and service delivery decisions that are taken to meet infrastructure needs, promote land use goals, tackle social issues, provide opportunities for sport and recreation, protect sensitive environments, regulate activities, and deal with a host of other issues. These decisions, which even in small jurisdictions can be weighty and contentious, affect the lives of residents and the long-term prosperity of communities. Fair remuneration for persons who are willing to accept such responsibility is warranted.

Representative Government

As representative governing bodies, it is important that municipal councils and regional district boards reflect, to the extent possible, the diversity of the communities they serve. Inadequate remuneration, either in terms of pay and/or benefits, stands as a potential barrier to participation for people who are without other sources of income. Fair remuneration is important in helping to reduce barriers, and in attracting capable people from a variety of backgrounds, demographic groups, socio-economic classes, and employment types.

IMPORTANCE OF REVIEWS

The factors outlined thus far help to explain why remuneration for local government elected officials is both warranted and important. The factors also highlight the need for local governments to regularly review their elected official remuneration programs in order to ensure that they remain fair over time as expectations and circumstances change. Remuneration levels that are left static in the face of changing circumstances, including shifts in the cost-of-living, risk becoming barriers to participation.

GOVERNING BODY DIVERSITY

Municipal councils and regional district boards are representative governing bodies. Their legitimacy is strengthened when they reflect the diversity of the communities they serve. Inadequate remuneration is a potential barrier to participation for individuals who may wish to serve, but who lack other sources of income and/or benefits. In these cases, diversity in the membership of local governing bodies may be difficult to achieve.

SECTION 2

WHO SHOULD CONDUCT REVIEWS?

In an effort to ensure that remuneration levels for local elected officials remain fair over time, local governments undertake remuneration reviews. Reviews are the focus of Sections 2, 3, and 4 of the *Guide*. Section 2 — this section — begins by exploring who should conduct a review.

OPTIONS TO CONSIDER

In some jurisdictions, elected official remuneration is reviewed by the municipal council or regional district board itself, or by a committee of the council or board. In most places, however, reviews are assigned to other parties in order to relieve elected officials from the difficult task of having to develop their own levels and terms of compensation. The three most common options are local government staff, an independent task force, and experienced consultants.

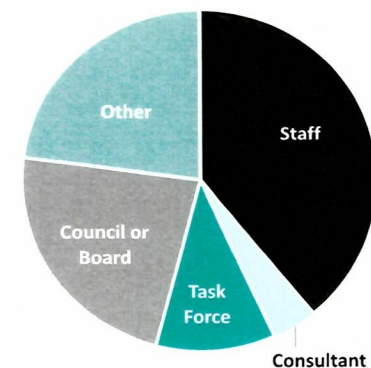
- > *Local Government Staff* — According to the survey of local governments that was conducted for the *Guide*, the use of local government staff to review elected official remuneration is the most popular option.¹ Most of the jurisdictions that reported using their own staff, it is worth noting, are small in size.
- > *Experienced Consultant* — This decision to assign a review to an outside, external consultant is less common, but is used in certain communities. Under the approach, a consultant is hired to conduct the relevant research, examine options, and recommend remuneration and benefit levels.
- > *Independent Task Force* — This option of an independent task force, comprised largely or entirely of local residents, is used by some local governments across the province, including large cities, small villages and towns, and regional districts.² The size and composition of the task force are important points to consider; so, too, is the mandate of the committee, its methodology, and the support it is provided.

¹ In all, 39% of responding local governments reported using local government staff to conduct reviews.

² The body is referred to as a Working Group, Advisory Group, Panel, Task Force, or Committee.

ASSIGNMENT OF REVIEWS

The accompanying chart based on the survey results shows that many jurisdictions today assign local elected official remuneration reviews to local government staff.



Pros & Cons

The choice of option may be informed by past experiences, and by local expectations and views regarding elected official compensation. The choice will also be influenced, however, by an assessment of the pros and cons that are associated with each of the alternatives. Figure 2.1 presents some of the key pros and cons that local governments may wish to consider.

Figure 2.1
Options to Consider

Options	Pros	Cons
Local Government Staff	<ul style="list-style-type: none"> > understand roles, responsibilities, and workload of elected officials > understand local context > easy access to data from other communities, particularly where benchmark group exists > cost effective 	<ul style="list-style-type: none"> > perceived as being less-than-independent from governing body > may be perceived or actual conflict of interest in cases where linkage (formal or informal) between elected official and staff remuneration
Experienced Consultant	<ul style="list-style-type: none"> > independent from elected officials > familiar with use of data and metrics, and with local government practices > option enables decision-makers to point to and rely on expert advice 	<ul style="list-style-type: none"> > may not understand or be sensitive to local context > may be costly
Independent Task Force	<ul style="list-style-type: none"> > independent from elected officials > places in hands of community (members from community) > understands local context > cost effective > different perspectives involved > potential to raise profile of local government, and importance of remuneration 	<ul style="list-style-type: none"> > may lack understanding of the roles, responsibilities, and workload of elected officials > relies on credibility of committee members > governing body may have difficulty rejecting recommendations

INDEPENDENT TASK FORCE

The use of an independent task force provides for a high degree of separation for elected officials from the development of their own remuneration packages.

PREFERRED APPROACH

The independent task force emerges in Figure 2.1 as the preferred option for undertaking elected official remuneration reviews. The task force's independence from decision-makers, as well as staff, enables it to operate in a way that is free of local government involvement and — more importantly — *perceived* to be free of such involvement. This freedom adds to the credibility of recommendations that come forward, and protects elected officials and their staff from conflict of interest issues and other controversies. The independence also allows the task force to speak to the roles, responsibilities and expectations of elected officials, and the importance of appropriate remuneration, in ways that the elected officials and staff would find difficult to do.

It is worth noting that the use of independent task forces and panels to determine elected official remuneration is widespread at the provincial and federal government levels in Canada. These jurisdictions recognize the value of the approach in protecting elected officials from challenges related to conflict of interest that inevitably arise in the development of their own remuneration.

SUCCESS FACTORS

The choice of the independent task force option will not, on its own, guarantee a successful outcome. Careful attention needs to be given to the appointment of members to the task force, the development of task force terms of reference, and the provision of support to the task force's work.

Membership

To the extent possible, diversity in the membership of the task force is important. A common practice is to include, at a minimum, representation from the local business community, as well as the non-profit or public sector. Many governments also find the appointment of an individual with past experience in local government as an elected official or senior staff person to be advantageous. These individuals bring a local government perspective, and can help ensure a clear understanding on the task force of the roles and responsibilities of elected officials. Individuals with human resources experience or a legal background are considered to add value in some places. Citizens-at-large are included on many task forces.

SUCCESS FACTORS

The choice of the independent task force option will not, on its own, guarantee a successful outcome. Careful attention needs to be given to the appointment of members to the task force, the development of task force terms of reference, and the provision of support to the task force's work.

Other considerations related to membership are as follows:

- > **Size** — Some places (e.g., Tofino, Metro Vancouver, Alberni-Clayoquot Regional District) limit the number of members to three; others (e.g., Abbotsford) allow for a maximum of five; still others (e.g., Kamloops) appoint seven. Larger bodies allow for greater diversity and a broader range of perspectives; smaller groups may be more nimble and able to reach consensus more easily. In relatively small jurisdictions, smaller task forces may be more practical to assemble given the smaller number of candidates relative to the situation in larger centres.
- > **Appointment** — In most jurisdictions that use independent task forces, members are appointed by the Chief Administrative Officer of the local government. This approach reinforces the group's independence from the governing body whose remuneration the task force is reviewing.

Terms of Reference

As with any advisory body, formal terms of reference for the task force are important. Task force terms should set out:

- > the purpose of the task force
- > the task force's membership, including number and qualifications of members, and the designation of a chair
- > the method and term of appointment
- > the task force's mandate, or scope of review, including the specific items (e.g., base remuneration, expenses, benefits, annual adjustments) on which the task force is expected to provide recommendations
- > a methodology to guide the task force, including any specific factors, bases of comparison, and criteria for the task force to consider in developing its recommendations
- > expectations regarding consultation, including consultation with the public
- > the expected number of task force meetings, and the meeting procedures to follow
- > support resources available to the task force in conducting its work
- > the task force's reporting schedule

GUIDANCE TO TASK FORCE

Even when task forces are free to choose their own approaches, it is useful for jurisdictions to provide guidance on methodology, and identify specific items for task forces to consider in their work.

The terms of reference for Abbotsford's Council Remuneration Citizen Task Force state that "the Task Force will research and consider all aspects of compensation that it believes are relevant to making its recommendations, but will specifically consider [certain] matters..."

- > policies, bylaws, and other documents of the local government that govern the task force's work and conduct

To underscore the importance of autonomy, some jurisdictions allow their task forces to themselves choose the data, factors, and criteria to use in developing recommendations. Even in these cases, however, jurisdictions will provide guidance on methodology or, more commonly, identify specific items for task forces to consider in addition to any others that the task forces determine to use.

Task Force Support

The primary value of a remuneration task force is its independence from the local government. The elected officials who receive and who are affected by the task force's recommendations benefit from this independence. The task force is not expected, however, to conduct its work completely on its own, without assistance from the organization. Indeed, for the task force to succeed, it must be able to rely on staff to collect and analyze data, organize meetings, conduct research, and draft the task force's report. It is important for local governments to assign a senior manager as a liaison to the task force, and sufficient staff resources to give the task force the support it needs to fulfill its mandate.

Another form of support for the task force is education. To make meaningful recommendations that reflect the duties, workload, and expectations of elected officials, task force members need to have a good understanding of local government, and of the roles and responsibilities of mayors/chairs, and councillors/directors. Local government staff can assist by providing an orientation to task force members at the beginning of their mandate. Alternatively, or in addition, task force members can be given reference materials such as the booklet available online at the Ministry of Municipal Affairs, titled *Thinking About Running for Local Office?*

BEST PRACTICE

- > *Local governments should consider establishing an independent task force to conduct reviews of elected official remuneration.*

TASK FORCE SUPPORT

*"The District Chief
Administrative Officer and
Director of Financial Services
shall serve as non-voting
resources to the [citizen]
Advisory Group."*

*Council Remuneration
Advisory Group
District of Tofino*

SECTION 3

TIMING AND FREQUENCY OF REVIEWS

Local governments interviewed for the *Guide* highlighted the need to consider timing and frequency in the review of elected official remuneration. These issues are explored in this section of the text. Also explored is the question of timing as it relates to the implementation of the outcomes of reviews.

TIMING OF REVIEWS

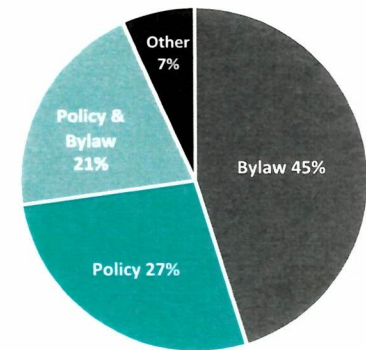
Local governments do not follow a single common practice with respect to the timing of remuneration reviews. An examination of existing approaches over the past decade shows that some councils and boards (e.g., Vancouver) have conducted reviews early in their terms, whereas others (e.g., Comox Valley Regional District, Oak Bay, Esquimalt, Prince George) wait until the final year of their mandate. Some local governments (e.g., Kamloops, Abbotsford, Metro Vancouver) initiate reviews closer to the middle of their terms. In general, most councils and boards that undertake reviews initiate them in the second half of their terms.

The preferred timing for a review will depend on a number of factors, including local economic conditions, reliance on established policy, the election cycle, and tax system changes over which local governments have no control. Each of these points is considered, as follows:

- > *Local Conditions* — In all of their initiatives, remuneration reviews included, councils and boards need to be sensitive to local economic conditions. Elected officials' compensation and benefits, it is important to remember, are paid for by local taxpayers. In times of economic growth and optimism, when local employment is strong and consumer confidence is high, news of a remuneration review for elected officials will be greeted much differently than during periods of economic stress. A council or board would be well-advised, for example, to postpone a review, no matter how warranted one may be, in a single-industry community that is dealing with the loss of a major employer.
- > *Established Policy* — The survey conducted for the *Guide* found that 27% of responding local governments have a formal policy in place on elected official remuneration, 45% have a remuneration bylaw, and 21% have both (see sidebar). Several of these policies and bylaws

ESTABLISHED POLICY

Most local governments that responded to the survey have either a formal policy in place on elected official remuneration, a bylaw, or both. Several policies and some bylaws address the timing and frequency of reviews.



speak to the timing of future remuneration reviews. When such schedules are applied consistently, local governments are perceived to have less discretion over the question of when to review. The issue of timing in these cases tends to attract less attention than it would otherwise.

- > *Election Cycle* — Change to elected officials' remuneration is an item of interest and discussion in many communities across the province. It is important for local governments to recognize remuneration as a legitimate issue for scrutiny and discussion, and to allow opportunities for discussion to occur. It may not be useful, however, for remuneration to dominate public discourse, particularly in the lead-up to an election when other important issues also deserve attention. To avoid this situation, local governments should consider conducting reviews, and reporting results, at least one year before the next election.
- > *Tax System Changes* — Changes to the *Federal Income Tax Act* were introduced by the federal government in 2017 to eliminate a long-standing federal tax exemption for local government elected officials, effective January 1, 2019. This change resulted in substantial changes to the after-tax income for elected officials, and prompted many local governments to adjust elected officials' 2019 pre-tax compensation in order to maintain after-tax 2018 remuneration. The need to review remuneration and change base amounts to maintain after-tax compensation was driven by changes that were beyond local government control. The timing of the review to initiate the changes was also driven by events outside of local government.

BEST PRACTICE

- > *Local governments should consider conducting remuneration reviews, and reporting the results, at least one year before the next election.*

FREQUENCY OF REVIEWS

Regular reviews of elected official remuneration levels should be undertaken in order to ensure that remuneration remains fair over time as job conditions, expectations, and circumstances change.

ELECTION CYCLE

Change to elected officials' remuneration is a legitimate issue for public scrutiny and discussion. To avoid having remuneration dominate public discourse in the lead-up to elections, however, at the expense of other important issues, local governments should consider conducting reviews, and reporting results, at least one year before the next election.

Failure to do so may undervalue the time spent by elected officials, and the level of responsibility associated with the job. Failure could also result in remuneration becoming a barrier to participation, and make it difficult for a diverse range of individuals to stand for election.

As noted earlier, several local governments that responded to the survey have policies or bylaws that set out schedules for formal reviews of base remuneration levels. In some of these documents the frequency of reviews is set out — once-per-term appears to be the most commonly prescribed schedule in these documents. Regular adherence to these schedules ensures that reviews happen on a regular basis, and helps to ensure that remuneration does not become a barrier to elected office. Local governments with policies and/or bylaws that do not identify a specific frequency typically experience longer intervals between reviews.

Relying on policies and bylaws to automatically trigger a review, in keeping with a prescribed frequency, is a useful practice to follow. It relieves councils and boards — as well as their individual members — from having to take the politically-difficult decision to request a review.

BEST PRACTICES

- > *Local governments should consider conducting remuneration reviews once per term.*
- > *Local governments should consider setting out the timing for subsequent reviews in remuneration policies or bylaws.*

Annual Adjustments

Local governments undertake remuneration reviews to assess the fairness of elected officials' pay, expenses, and benefit packages. When done properly, reviews take time, energy, and other resources to complete. A best practice, identified earlier, is to conduct a full review once per term — it is neither necessary nor reasonable to schedule reviews more frequently.

In the years between reviews, it is common for councils and boards with policies and/or bylaws in place to automatically adjust elected official pay to reflect changes in the cost of living. In almost

ANNUAL ADJUSTMENTS

It is common for municipalities and regional districts with policies and/or bylaws in place to automatically adjust remuneration to reflect changes in the cost of living. The year-over-year change to the consumer price index is the default adjustment factor.

every case, the previous year's Consumer Price Index (CPI) for British Columbia, Vancouver, or Victoria is the adjustment factor applied by local governments, depending on their location within the province.³ Automatic adjustments, defined and set out in policies and/or bylaws, ensure that the real value of elected officials' remuneration remains stable between formal reviews, and can help to reduce the need for more significant increases at the time of review. Failure to make annual adjustments may place a burden on future councils and boards to address remuneration levels that have been left to stagnate in the face of regular cost-of-living increases. For these reasons, annual adjustments using a CPI index is a best practice.

BEST PRACTICE

- > *Local governments should consider including in their policies or bylaws provision for an automatic cost-of-living adjustment, using the CPI, to elected officials' base remuneration.*

IMPLEMENTATION OF CHANGES

When considering the issue of timing as it relates to the implementation of changes, it is important to distinguish among the types of changes being put forward. The three key types include: changes to base remuneration that emerge from full reviews; changes that are prompted by shifts in the tax system; and annual adjustments to reflect increases in the cost of living.

- > *Base Remuneration* — Councils and boards have full control over the timing of their remuneration reviews, even in cases where timing is prescribed by policy and/or bylaw. Similarly, councils and boards have full authority to choose when to implement any changes that emerge from reviews. In general, it is preferable to have such changes take effect at the beginning of the following term. This best practice is particularly important to follow when reviews conclude that significant increases to base pay and/or benefit packages are warranted. A decision to implement changes immediately, or even during the existing term, can create perceived conflicts of interest.

IMPLEMENTATION

It is preferable for councils and boards to implement the outcomes of remuneration reviews at the beginning of the following council or board term. A decision to implement changes earlier, during the existing term, can easily create perceived conflicts of interest.

³ Other indices include annual increases to general wages in BC, and increases to unionized or exempt staff wages.

There will be some cases where implementation during the existing council or board term is considered necessary, perceptions of conflict notwithstanding. Consider the situation in which a council or board entered office following an election in which stagnant compensation was portrayed as a barrier to participation. The council or board could decide that implementation of changes that emerged from a review conducted early in the new term is necessary.

- > *Tax System* — Councils and boards have no control over changes to the income tax system — the elimination of the federal tax exemption for local government elected officials that took effect on January 1, 2019, is an example of one such change. In anticipation of this change — it was announced in 2017 — some local governments designed remedies, before the 2018 local general election, to take effect on January 1, 2019, in the new term. Several local governments, however, delayed taking action until after the federal tax change came into force. Immediate implementation of changes designed to protect elected officials from financial loss is considered reasonable and defensible by most.
- > *Annual Adjustments* — As explained earlier, annual adjustments to remuneration are designed to protect base rates from erosion as a result of inflation. These adjustments, which result in nominal rather than real increases, are expected to be implemented immediately.

BEST PRACTICES

- > *Local governments should consider having changes to base levels, determined through remuneration reviews, take effect at the beginning of the following term.*
- > *Local governments should consider allowing for immediate implementation of changes to remuneration that are designed to protect elected officials from financial loss that would otherwise occur as a result of tax system shifts.*
- > *Local governments should consider allowing for immediate implementation of annual cost-of-living adjustments.*

FEDERAL TAX SYSTEM

Local governments have no control over shifts in the federal income tax system. Offsetting changes to base remuneration levels that are designed to protect council and board members from financial loss are reasonable. Local governments should consider implementing such changes immediately.

SECTION 4

SETTING REMUNERATION

On a regular or periodic basis, local governments undertake remuneration reviews to determine the remuneration, expense payments, and benefits to provide to elected officials. The previous two sections of the *Guide* tackled a number of issues related to remuneration reviews, including:

- > who should conduct the reviews
- > when, during an elected body's term of office, reviews should be initiated
- > how frequently reviews should occur
- > when changes to remuneration that result from reviews should be implemented

This section of *Guide* — Section 4 — explores the factors that local governments should consider using in their reviews to determine remuneration levels that are fair and defensible. The text deals separately with the three main components of a complete remuneration package, namely remuneration (i.e., pay), expenses, and benefits.

REMUNERATION

Remuneration consists, first and foremost, of a base amount of pay for mayors, board chairs, councilors, municipal directors, and electoral area directors. Base amounts are intended to reflect the expectations and duties associated with the specific roles, and for that reason are expected to differ by role. Remuneration also includes any payments that are made to elected officials, on top of base pay, for attending different types of meetings, leading committees, sitting as appointees on external bodies, performing the roles of deputy mayor or deputy chair, and undertaking other duties. These supplemental payments, where offered, recognize differences in workload and responsibility among elected officials in the same role.

Bases of Comparison

For many jobs in our economy, wages and salaries are set through a process of comparison — that is, a process that takes into account remuneration associated with other jobs that are deemed to be comparable. The approach to setting remuneration for local elected officials is no different. The most common basis of comparison used by local governments across the province is remuneration paid to

elected officials in other, similar local governments. Some councils and boards, however, look to additional bases for guidance. Four bases to consider, including remuneration paid in similar jurisdictions, are as follows:

- > *Similar Jurisdictions* — Remuneration levels paid to elected officials across a set of other, similar local governments can be used to approximate an "industry rate". The use of comparable remuneration data, as noted, is widespread across municipalities and regional districts, and is considered a defensible approach. The challenge faced by those who use the approach, however, comes in choosing jurisdictions that are truly comparable. Population, the most common factor, goes some way toward establishing similarity, but may not be adequate on its own. Other factors may need to be combined with population to establish a more valid comparison group. Such factors could include location, geographic size, scope of services provided, growth rate, the urban (vs. suburban or rural) nature of a jurisdiction, economic make-up, tax base, average house price, size of operating budget, and number of staff (full-time equivalents).
- > *Local Labour Force* — A few jurisdictions in the province determine remuneration for council and board members using local earnings data collected by Statistics Canada — specifically, the average employment income earned by individuals aged 15 and over, who work year-round and full-time.
- > *Provincial MLAs* — Only one of the local governments in the survey pointed to remuneration paid to Members of the Legislative Assembly as a basis for determining local elected official pay. A few other jurisdictions, however, believe the comparison may be useful.
- > *Local Government Staff* — Changes to staff pay are used in some jurisdictions as an index to adjust council and board pay each year. Base pay for staff, however, is not generally used to help set elected official pay.

Each of the four bases identified here — as well as others not identified — has both strengths and shortcomings. Figure 4.1 highlights some of the pros and cons.

COLLECTING DATA

It is important to ensure that data on other local governments are comparable. Care must be taken to confirm that data have been collected using similar methodologies, and that data sets measure the same factors. Sources of data include CivicStats (accessed through CivicInfo), and Statistics Canada. Direct contact with comparison group local governments may be warranted in some cases to produce "apples to apples" comparisons.

Figure 4.1
Pros and Cons of Alternative Bases

Alternative Bases	Pros	Cons
Similar Jurisdictions	<ul style="list-style-type: none"> > jobs of local elected officials in similar jurisdictions, while not identical, are comparable ("apples to apples") > large enough comparison set can neutralize outliers 	<ul style="list-style-type: none"> > difficult to establish truly comparable set of jurisdictions (may be subject to accusations of "cherry picking") > potential for salary escalation if other places in comparison set initiate significant increases
Local Labour Force	<ul style="list-style-type: none"> > attempts to create strong linkage to local community that pays elected body's remuneration > sensitive to local economic conditions 	<ul style="list-style-type: none"> > jobs of elected officials not comparable to majority of other jobs in the community in terms of time commitment, duties, responsibility > not clear that average salary of entire workforce reflects value of elected officials' work
Provincial MLAs	<ul style="list-style-type: none"> > remuneration reflects need in both orders of government to attract diversity of people to serve in elected office 	<ul style="list-style-type: none"> > role of MLA considerably different than roles of mayor and chair (much different than councillor/director) > invites linkage to full MLA remuneration and benefits package
Local Government Staff	<ul style="list-style-type: none"> > both groups (elected officials and staff) involved in same organization > comparison to staff used in other orders of government to help set elected official remuneration 	<ul style="list-style-type: none"> > roles of staff considerably different than roles of elected officials > perceived conflict on part of elected officials who approve staff salaries > invites linkage to full staff remuneration and benefits package

Arguably, there may be no single best basis of comparison to use in setting council and board remuneration. As suggested in Figure 4.1, however, some bases are better than others.

Remuneration levels paid to elected officials in similar local government jurisdictions represents the preferred basis, and the best practice for local governments.

BEST PRACTICE

- > *Local governments should consider using base remuneration paid to elected officials in similar local government jurisdictions as the preferred basis for determining remuneration.*

Comparison Group

In establishing a valid comparison group of similar jurisdictions, local governments will need to give careful thought to the most important measures to use. Population is a good starting point in every case — it is a useful proxy for elected official workload, and is easy to explain. As well, data on population are easy to obtain. Other measures can be combined with population to make the comparison set more defensible. Factors that influence elected officials' workload and level of responsibility are particularly useful to consider. The list of such factors will vary by jurisdiction, but may include:

- > location
- > geographic size
- > scope of services
- > growth rate
- > operating budget

Finally, local governments will need to give some thought to the number of jurisdictions to include in the comparison set. Larger sets will allow for a more robust comparison, and will make it easier to neutralize the impact of outliers (i.e., jurisdictions that have significantly high or low pay levels, relative to those of other places). If the set is too large, however, it may be difficult to obtain the necessary comparative data, especially in cases where a range of measures, in addition to population, are used. Given these points, a practicable and defensible minimum size is five to seven jurisdictions. The maximum size will depend on the number of factors being considered, and the capacity of the body conducting the remuneration review. Comparison set sizes vary considerably across local

SIZE OF COMPARISON GROUP

The size of comparison groups that are used to help determine elected official remuneration varies considerably across local governments. The City of Prince George uses a peer review group of ten municipalities for the purposes of its quadrennial review. The group includes cities with similar populations — Chilliwack, Kelowna, Saanich, Langley Township, Delta, Kamloops, North Vancouver District, Nanaimo, Victoria, and Coquitlam.

governments. Kamloops has used 14 municipalities; Comox Valley Regional District recently used nine. Metro Vancouver bases the salary of its Chair on the median salary of mayors in 21 municipalities (all Metro municipal jurisdictions).

BEST PRACTICE

- > *Local governments should consider establishing comparison groups using population, combined — as deemed necessary — with other factors that influence elected official workload and level of responsibility.*
- > *Local governments should consider including at least five jurisdictions (preferably more) in the comparison groups.*

Using the Data

Once the remuneration data from comparable jurisdictions have been obtained, local governments need to determine how to best use the data to determine pay levels for the range of elected officials in place. It is useful at this stage to make the exercise as straightforward as possible so that it can be undertaken easily (and relatively quickly), and so that it is easy to explain and understand. Simple formulas can be effective in meeting these goals.

For municipal councils, the following formula-based approach — or variations of it — is used in a number of places:

- > Set the salary for the mayor as the median value of all mayors' salaries from the comparison set of municipalities. Calculate the salary for councillors as a percentage (e.g., 40%) of the mayor's salary to reflect the part-time nature of the councillor position, as well as its lower workload and level of responsibility relative to those of the mayor.

Figure 4.2 illustrates, using hypothetical data from a comparison set of seven municipalities, how this formula works in practice. To be clear, all numbers, including the percentage factor, are hypothetical examples only, presented solely for the purpose of illustration.

SIMPLICITY

When determining how to use comparison data to calculate remuneration levels, it is preferable to apply simple formulas. Formulas allow the exercise to be undertaken easily and relatively quickly. Approaches based on formulas are easy to explain, easy to understand, and defensible.

Figure 4.2
Sample Formula for Municipal Elected Officials

Comparison Set		Subject Municipality		
Mayors	Median Value	Mayor's Salary	%	Councillor Salary
\$ 101,000 \$ 92,000 \$ 100,500 \$ 90,000 \$ 72,500 \$ 93,000 \$ 83,000	\$ 92,000	\$ 92,000	40	\$ 36,800

In applying the formula, local governments should consider the following points:

- > *Percentage Factor* — The percentage factor that is applied to identify an appropriate councillor salary needs to be set after careful consideration of the position's workload, time commitment, and level of responsibility relative to those of the mayor. In municipalities where the mayor's role is full-time (or greater), the difference between the positions may be greater, and the percentage factor may be lower than 40%. Jurisdictions that use this formula (or variations of it) tend to apply percentages that range from 30% to 50%, depending on local conditions. Forty percent is a reasonable starting point.
- > *Median Value* — The median value effectively neutralizes low and high outliers, and is therefore preferable to the average value.
- > *Applying the Outcome* — It is possible, particularly if a new comparison set is used, that the resulting, recommended salaries for mayor and councillor will be lower than the actual salaries being paid. If the difference is significant, local governments may choose to "red circle" existing salaries for a period of time. In the calculated salaries are higher than those being paid, either a one-time adjustment, or a phased increase may be required.

- > *Alternative Percentile* — The median value represents the 50th percentile in the comparison set. Some local governments may determine, based on local circumstances, that remuneration should be set higher — for example, at the 75th percentile. In this situation, careful thought would need to be given to the rationale for such an approach.

While less common among regional districts, formulas may be just as useful in providing a relatively simple, easy to understand, defensible approach. In developing a formula for regional boards, provision needs to be made for a greater number of elected roles. In most cases, four specific roles should be considered, including the chair, vice chair, electoral area director, and municipal director. The distinction between electoral area and municipal directors is particularly important to recognize. Regional districts are the local government for electoral areas, responsible for providing all basic local services. Electoral area directors are accountable directly to their local electors, and are expected to consult directly with electors on local service and other topics. Many electoral area directors represent vast geographic areas, often with numerous small communities or settlements to serve. The time commitment required to provide proper contact and representation can be considerable. Electoral area directors' full local government salary comes from their regional districts.

The role of municipal director is also important and can be demanding. Municipal directors, however, are accountable to their councils and do not face the same expectations as their electoral area counterparts regarding consultation with residents on regional district matters. Residents of municipalities receive most of their local services from their municipal councils. Municipal directors sit on these councils, and are paid separately as council members to perform municipal duties.

A reasonable formula that takes into account the differences between electoral area and municipal directors, as well as the unique duties, expectations, and responsibilities of the chair and vice chair, is as follows:

- > Set the salary for municipal director based on the median value of all municipal directors' salaries from the comparison set of regional districts. Calculate the salary for electoral area director by applying a multiplier (e.g., 2.0). Calculate a stipend for the chair by applying a multiplier (e.g., 2.5) to the municipal director salary. Use a separate multiplier (e.g., 0.5) to determine a stipend for vice chair.

Figure 4.3 illustrates how this formula works in practice, using hypothetical data for a comparison set of seven regional districts. All numbers, including the multipliers, are examples only.

Figure 4.3
Sample Formula for Regional District Elected Officials

Comparison Set		Subject Regional District				
Municipal Director	Median Value	Mun Director Base Salary	X	EA Director Base Salary	Chair Stipend*	Vice Chair Stipend*
\$ 17,000	\$ 12,500 →	\$ 12,500	2.0	\$ 25,000	\$ 31,250	\$ 6,250
\$ 11,000			2.5			
\$ 12,200			0.5			
\$ 9,000						
\$ 12,500						
\$ 15,000						
\$ 16,500						

* These stipends would be paid in addition to the base director pay.

The considerations raised for municipal council remuneration formulas regarding percentage factor, median value, applying the outcome, and alternative percentile apply to the regional board formula as well. In addition, it is important in the regional district context to consider the need for supplemental payments, over and above the base salary amounts.

BEST PRACTICE

- > *Local governments should consider using simple formulas that make the calculation of remuneration levels as straightforward as possible, easy to explain, and easy to understand.*

Regional District Supplemental Payments

On a municipal council, the expectations on a councillor in terms of workload, time commitment, and responsibilities, are, in general, the same for all councillors. Almost all councils, as a consequence, pay councillors the same base salary without additional payments for committee meetings. Supplemental fees may be paid in some cases to councillors who participate in external agencies on behalf of council; however, these payments are the exception rather than the rule. Approximately 25% of municipalities that responded to the survey pay stipends to council members for time spent as deputy mayor or acting mayor. In most cases, these stipends tend to be nominal in value.

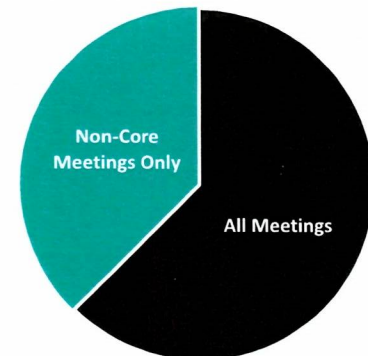
The situation for regional district directors is different. As noted already, the base remuneration for role of electoral area director is typically greater than the base remuneration paid to the municipal director role — the gap is intended to reflect the inherent differences in the roles. Differences in workload, time commitment, and level of responsibility, and level of interest also exist, however, among individual directors. Some directors may represent large jurisdictions that participate in a broad range of regional district services, some of which may have committees or commissions in place. These directors may be compelled to play, or be interested in playing, an especially active role in regional district service governance. Other directors will represent jurisdictions that are less involved in, or reliant on, their regional districts. These directors may not be involved in regional district matters to the same degree as others.

To account for differences among individual directors, regional districts may choose to provide supplemental payments, over and above base remuneration levels. Where provided, payments take the form of per-meeting stipends that are paid to directors who attend specified regional district meetings, as well as external meetings to which directors are sent to represent their local governments. The amounts of the supplemental payments vary; most regional districts, however, pay between \$75 and \$200 per meeting.⁴

⁴ An exception is Metro Vancouver, which pays \$397 to each director for every board, committee and other approved meeting attended. For all Metro Vancouver directors other than the (sole) electoral area director, board chair, board vice chair, committee chairs, and committee vice-chairs, however, the meeting stipend constitutes the entire remuneration (i.e., there is no base amount). Central Coast Regional District and Peace River Regional District also pay higher per-meeting rates in lieu of base salaries for directors.

SUPPLEMENTAL PAYMENTS

Fifteen of the 24 regional districts that pay base remuneration to directors also provide supplemental payments for board, committee of the whole, and all other meetings. Nine of the regional districts provide supplemental payments for non-core meetings only.



The use of supplemental, per-meeting payments is not uniform across regional districts. A review of the 24 regional districts in the province that pay base remuneration to directors shows that, while almost all provide payments to attend meetings of external agencies, 15 of the 24 also provide payments to attend board and committee of the whole meetings. Nine (9) regional districts provide no supplemental payments for these "core" regional district meetings — remuneration for attendance at these meetings is included in the directors' base salaries.⁵

Supplemental payments are intended to reflect workload differences among individual directors. It is not clear that such payments are also intended, however, to provide additional compensation to directors for attending core regional district meetings of the board, including committee of the whole meetings. Indeed, it may be argued that all board members are expected to attend these meetings as a basic requirement of their roles as directors.

In setting regional district board remuneration, careful attention needs to be given to the use of supplemental payments. Regional districts may wish to consider targeting such payments to non-core meetings, and structuring base levels to include attendance at board, committee of the whole, and any other core meetings.

BEST PRACTICE

- > *Local governments should consider targeting supplemental payments to non-core meetings, and structuring base remuneration levels to include attendance at board and committee of the whole meetings.*

Alternate Directors

It is important to note that all regional districts use per-meeting payments to remunerate alternate directors for attendance at all meetings, including core meetings, that the director would normally

⁵ Travel expenses for all meetings are paid (see later).

attend. These payments are the only form of remuneration for alternate directors; alternates do not receive a base salary.

EXPENSES

Local government elected officials regularly incur expenses to travel to meetings, attend conferences and sanctioned events, communicate with residents and the local government office, and deal with the broad variety of other duties associated with the job. It is both important and legitimate that expenses which are incurred by council and board members on the job, and in order to do the job, be reimbursed by the local government. Policies and bylaws on expenses are used to set out the types of expenses that are eligible for reimbursement, the conditions under which reimbursements will be made, and the procedures that must be followed to obtain reimbursement.

A guiding principle for councils and boards on the matter of expenses is as follows:

- > Local elected officials should not themselves be expected to pay expenses that are incurred in order to perform their roles.

A related principle, however, is that compensation paid to elected officials for expenses incurred on the job should not be viewed as an additional source of remuneration. This point requires local governments, first, to identify the specific types of expenses for which elected officials can expect reimbursement.

Eligible Expenses

Local governments have similar, but not identical, lists of expenses that are eligible for reimbursement. In the case of municipalities, expenses that are reimbursed by councils tend to be limited to those that are incurred by members on out-of-town business. Such expenses include:

- > travel by personal automobile (paid as a rate per kilometre) to out-of-town meetings
- > travel by taxi, bus, train, ferry, rental car, or air to out-of-town meetings
- > accommodation
- > conference fees
- > per diem payments for meals and incidentals

GUIDING PRINCIPLES (EXPENSES)

Local elected officials should not themselves be expected to pay expenses that are incurred in order to perform their roles. Compensation paid to elected officials for expenses incurred on the job should not, however, be considered or pursued as an additional source of remuneration.

Some councils also provide funding for a smartphone, tablet, and/or computer (or provide the hardware itself), and the associated communications plan. Some will provide transportation costs within the municipality, including a mileage rate for personal car use, taxi and/or transit fees, and parking. Monthly car allowances for mayors are common; similar allowances for councillors are less common but do exist in some centres.

Regional district boards, similar to councils, reimburse members for smartphones and for attendance at out-of-town meetings. Most regional districts also, however, pay for travel, travel time, meals, and accommodation for attendance regional district board and committee meetings. These additional items reflect the large geographic size of many regional districts, and the need for directors to spend considerable time to travel to core meetings. Monthly transportation allowances provided by some regional districts to electoral area directors also reflect geographic realities.

Most local governments provide additional expense amounts for their mayors or chairs. A monthly car allowance, noted earlier, is standard for mayors and is becoming common for chairs. Hosting allowances are also recognized by several jurisdictions.

Regional district expense policies should anticipate and provide special direction to municipal directors to avoid instance of "double dipping". In some cases, expenses that are incurred by municipal directors can and should be reimbursed by the directors' municipal councils, not charged to the regional district. An example of such an expense is attendance at the UBCM annual conference. Council members who serve as municipal directors attend the annual conference, first and foremost, as representatives of their municipalities.

Local Considerations

Lists of eligible expenses are common across most jurisdictions, as noted earlier. When developing expense policies and bylaws for a specific local government, however, it may be important to explore particular types of expenses that, while less widespread, are appropriate given the local context. Some regional districts (e.g., Squamish Lillooet) provide differential mileage rates to account for travel on unpaved roads. Others (e.g., Cariboo) provide reimbursement to replace car windshields that are damaged during regional district travel on winter roads. Parking in many urban centres is expensive.

FEDERAL TAX SYSTEM

Changes to the Federal Income Tax Act were introduced by the federal government in 2017 to eliminate a long-standing federal tax exemption for local government elected officials, effective January 1, 2019. The exemption was in place to recognize that, in the course of their duties, elected officials incur various expenses for which they may not be reimbursed (e.g., home office costs, meals while meeting with constituents, etc.). This change resulted in substantial changes to the after-tax income for elected officials, and prompted many local governments to adjust elected officials' 2019 pre-tax compensation in order to maintain after-tax 2018 remuneration.

Municipalities and regional districts in these centres may feel it necessary to reimburse parking costs to elected officials.

Evolving Lists

Finally, local governments should not view eligible expense lists as static documents. Indeed, in order to ensure that costs do not become barriers to participation, it is incumbent on local governments to periodically consult elected officials and review eligibility considerations. One potential expense that stands out is childcare. Councils and boards that have, or that seek to attract, young parents as members may find it both fair and necessary to reimburse child care expenses that are incurred to attend council and board meetings.

BEST PRACTICES

- > *Local governments should provide clarity in regional district expense policies/bylaws to ensure that municipal expenses incurred by municipal directors are reimbursed by the appropriate municipal governments.*
- > *Local governments should consider including in their expense policies and/or bylaws the principle that elected officials should not themselves be expected to pay expenses that are incurred in order to perform their roles.*
- > *Local governments should recognize that the range of legitimate expenses incurred to perform the roles of mayor and board chair will be greater than that incurred to perform the roles of councillor and board director.*
- > *Local governments should ensure that lists of eligible expenses reflect unique local conditions.*
- > *Local governments should periodically re-examine decisions on eligibility to ensure that lists of eligible expenses evolve to reflect changing needs and to reduce barriers to participation.*

BENEFITS

Medical services plan premiums, extended health and dental plans, employee and family assistance programs, and life and accidental death insurance are common examples of benefits that local governments may choose to make available to all or some of their elected officials. Current practices across the province vary with respect to the provision of benefits. Some local governments provide full benefits to all elected officials at no cost to the members. In a number of places, benefits are made available only to the mayor, since this position is the only one considered full-time. Councillors and directors in some of these places may opt-in to packages, but only at their own cost, or on a cost-share basis with the municipality. Certain regional districts provide benefit packages at the local government's cost to electoral area directors, but require municipal directors to pay all premiums. Other regional districts pay 50% of the cost of packages for all directors who opt-in. Family members of elected officials are entitled to join benefit programs in some jurisdictions, but must pay the full cost. Almost all local governments provide personal accident insurance to elected officials who are traveling on local government business.

Provision of Benefits

The provision of benefits to elected officials is becoming an increasingly important topic of consideration in local governments, particularly because of the potential barriers — real or perceived — that a lack of benefits pose for some. In an effort to avoid this situation, local governments may wish to consider making benefits available. Eligibility and responsibility for cost are two factors to include in any such consideration.

- > *Eligibility* — There is a strong rationale for providing benefits to mayors, and to other elected officials who occupy what are considered to be full-time positions. Many individuals who may wish to put their names forward for these positions would need, upon election to office, to leave other full-time employment in which they may receive benefits coverage. The prospect of giving up such coverage, and facing four or more years without replacement benefits, would prevent some from running.

The argument for benefits may not be as strong for elected positions that are structured and paid as part-time roles. In these cases, there is an assumption that individuals with access to benefits through their employment will be able to retain at least some access to those benefits

simply because they will not be need to leave their existing employment entirely. This reasoning fails in cases where existing benefits would be lost as a result of an individual being converted to part-time status with their employer after being elected to office.

An additional point in the discussion on eligibility concerns the position of municipal director on regional district boards. Municipal directors are, first and foremost, municipal councillors. The municipalities, as the local governments to which the councillors are elected to serve, should be responsible for addressing the benefits issue with these elected officials. Electoral area directors, by contrast, are directly elected to the regional district boards. Electoral area directors should look to these bodies for benefits.

- > *Responsibility for Cost* — Local governments should consider paying for elected official benefits on a pro-rated basis. Using this approach, municipalities would pay 100% of the benefit premiums for mayors, and 50% of the premiums for councilors. Regional districts would pay 50% of the cost of benefits for electoral area directors. Regional districts could also choose to pay 100% of the cost of premiums for regional district chairs who are deemed to occupy full-time roles, irrespective of whether the chairs are also electoral area or municipal directors.

In all, the principle governing the provision of benefits is that, in an effort to reduce barriers to participation, local governments should make benefits available to their elected officials, and should contribute to the cost of associated premiums on a pro-rated basis, in accordance with the full- or part-time nature of the positions.

Smaller Jurisdictions

Smaller local governments who wish to provide some level of benefits coverage for their elected officials may have concerns regarding the cost of premiums. In an effort to minimize costs, local governments may consider extending existing staff programs to include elected officials, or joining with other local governments to create larger beneficiary pools. To that end, UBCM offers comprehensive group insurance coverage to all local government elected officials in the province. To join the plan, however, at least three officials from a local government must opt-in to the coverage.

Evolving Range of Benefits

Finally, as with expenses, the list of benefits provided to local elected officials will change over time in response to local needs, societal trends, and other forces. In many jurisdictions today, standard benefits such as extended health and dental coverage, counselling services, and accidental death and dismemberment insurance will address needs. Some other local governments, however, may be under pressure to provide some form of parental leave, RRSP contributions, education allowances, and other benefits that prospective candidates for election receive in their existing careers. In the coming years, the number of local governments that will need to consider these types of benefits is likely to increase. And, to the extent that failure to provide them creates barriers to participation, local governments may need to consider taking action.

► Transition Payments

One specific benefit that may receive greater attention in the coming years is a transition allowance for local elected officials who leave office at the end of a term, either through their own choice, or as the result of an unsuccessful re-election bid. This benefit, which may be referred to as a retirement allowance, a separation payment, a pension, deferred remuneration, or a retraining and adjustment payout, is not offered in many jurisdictions today in the province — indeed, there are only eight municipalities that provide the benefit, and all of them are within Metro Vancouver. The benefit is provided to local elected officials on a broader basis, however, in other parts of Canada, namely Quebec and Ontario.

In some of the BC jurisdictions that offer a transition allowance, the benefit is intended as a bridge to help individuals re-enter the workforce, either in a new occupation, or back into a career that may have been placed on hold. In other cases, the benefit is presented in lieu of pension contributions that would have been paid by an employer if the elected officials had been considered employees and eligible for the existing municipal pension plan. Some transition allowances are intended to achieve both purposes. Consider some current examples:

- > The City of Vancouver provides one week of salary for every year of office served (provided that the departing council member served his or her full term). This benefit translates to 1.9% of the member's annual salary, and is intended to help facilitate the member's return to the workforce.

TRANSITION ALLOWANCES

Elected official transition allowances — referred to in some places as retirement allowances, separation payments, pensions, deferred remuneration, or adjustment payouts — are not common in British Columbia's local government system today. Experiences in other provinces and in the Metro Vancouver area, however, suggest that the benefit may become a matter for greater attention, at least for larger cities, in the coming years. The lack of transition and pension-like benefits could be a barrier to participation for different groups of individuals (e.g., mid-career professionals).

- > The City of Port Coquitlam provides one month of salary for every year in office to the departing mayor (persons who served as councillors are not eligible). The benefit payment is capped at six months.
- > The City of New Westminster provides the equivalent of 10% of the annual indemnity for each year of service, to a maximum of 12 years of service. This benefit is a form of pension.
- > The City of Burnaby structures its benefits as an ongoing, annual payment to service council members. The payments reflect the employer contributions to the municipal pension plan that would be made if the council members were eligible for the plan. Payments can be invested by members as annual RRSP contributions.

Transition allowances may be most relevant and defensible in local governments with elected officials in roles that require a *de facto* full-time commitment (even though some roles may be paid at part-time rates). Individuals in these positions place their existing careers and jobs on hold while in office, and may not, as a consequence, be able to participate in a work-related pension or savings program. Individuals in full-time elected positions may also have more difficulty than others in transitioning back into the workforce following their time in elected office.

Experience in Ontario and Quebec supports the view that such benefits may be of most interest to positions that require significant time commitments. In Ontario, the majority of municipalities with populations over 100,000 offer pensions to elected officials, whereas only 7% of centres with populations under 10,000 provide the benefit.⁶ It is generally the case that elected positions in larger centres are more demanding in terms of time than the same positions in smaller centres. In Quebec, the municipal pension plan is made available to all municipalities; however, local governments in centres with populations under 20,000 may choose to provide the benefit to the position of mayor only — the one position that typically requires a greater time commitment than others.

⁶ Metro Vancouver, *Board Remuneration Review Findings and Recommendations*, Board Remuneration Independent Review Panel, April 17, 2019, Page 9.

This *Guide* does not provide advice to local governments on whether or not to provide a transition allowance to departing, or serving, elected officials. The *Guide* recognizes, however, that the lack of such a benefit may discourage some individuals from considering public office, and may become more of a barrier in future years, at least in some centres. Local governments that wish to explore the development of a transition allowance, may want to consider the following questions:

- > Does the lack of a transition benefit stand as a significant barrier to participation? Which groups of individuals may view the benefit as being particularly important?
- > What is the primary purpose of the benefit? Is it to provide a bridge for departing elected officials to re-enter the workforce? Or is it to provide pension contributions in lieu of contributions that elected officials could earn outside of office?
- > What is a reasonable cap on the benefit, expressed either in terms of benefit paid, or eligible service time?
- > Is there any rationale for regional districts to provide the benefit to municipal directors, or should the issue of transition allowance to municipal elected officials be addressed directly by the local governments (i.e., the municipalities) to which the officials are elected?

BEST PRACTICES

- > *Local governments should consider providing access to extended health, dental, vision and insurance benefits to all local elected officials.*
- > *Local governments should consider contributing to the cost of benefit premiums on a pro-rated basis, in accordance with the full- or part-time nature of elected positions.*
- > *Local governments should consider extending benefits coverage to family members of elected officials, provided that the elected officials themselves pay the full incremental cost of such coverage.*
- > *Local governments should periodically re-examine the benefits provided to ensure that benefits programs reflect changing needs, and reduce barriers to participation.*

SECTION 5

COMMUNICATION

Local governments in British Columbia have long recognized the importance of strong communication in local governance. Municipalities and regional districts regularly communicate in proactive ways with their communities on a broad range of public policy, service, and governance matters. Remuneration for elected officials is one additional item on which clear communication is necessary. This section of the *Guide* highlights information that is important to communicate, identifies audiences with which to communicate, and provides advice on how to communicate.

As in all communication efforts, information on elected official remuneration is provided, in part, as a way to report on actions and decisions that are underway or that have been taken. Communication is also undertaken, however, to explain why initiatives are important to take, and to promote transparency in local government.

INFORMATION TO COMMUNICATE

The pieces of information that are important to communicate have been identified in the earlier sections of the *Guide*. In all, the key pieces are as follows:

- > *Nature of Elected Official Roles* — The level of knowledge in communities on the roles of local elected officials is not uniformly high across the province. Information to help residents understand the duties and responsibilities of the roles, the expectations on council members and regional board directors, and the time required to perform the jobs properly may provide important context for reviews of remuneration, and may help to pave the way for broad acceptance of their outcomes.
- > *Purpose of Remuneration* — The reasons for providing remuneration to elected officials, and the factors that inform the setting of remuneration levels, are important to communicate. Residents and prospective candidates, in particular, may find it helpful to understand the importance of representative decision-making bodies, and the need to identify and reduce barriers to participation that some groups in the community may encounter.

EXPLAINING IMPORTANCE

The Cariboo Regional District opens its Directors' Remuneration and Expenses Bylaw with a statement of principles. The statement begins as follows:

"It is important for local governments to ensure their elected official positions are compensated fairly and equitably to attract and encourage a variety of citizens from different economic and demographic backgrounds... to run for office and represent their communities..."

- > *Guiding Principles* — The communication of principles to guide council and board decisions on remuneration can help to speak to the purpose of remuneration, and can also minimize any suggestion of arbitrariness in the remuneration levels selected.
- > *Remuneration Details* — Clear and complete listings of base remuneration levels, supplemental payments, the situations in which supplemental payments are made, annual adjustments, eligible expenses and the process for claiming them, and benefit programs are important to communicate. Such details bolster transparency.
- > *Remuneration Reviews* — Where determined, the process and timing of remuneration reviews, along with any guiding principles for reviews to follow, can help to de-politicize the efforts. Details on reviews underway, as well as the results of such reviews, are also important.
- > *Expenditures Made* — Finally, efforts above and beyond basic statutory reporting requirements to make available information on remuneration received and expenses claimed can enhance transparency and build trust.

AUDIENCES TO REACH

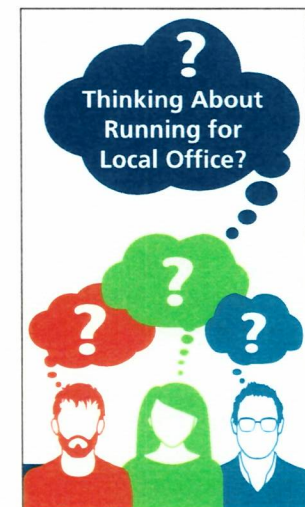
Residents in the community constitute the primary audience for communication efforts on elected official remuneration. Other audiences that may be targeted in communication strategies include ratepayer associations, business associations, and any other defined group that has expressed, or that may express, strong views on remuneration. An additional audience is the pool of prospective candidates for upcoming local government elections. This group should clearly understand the nature and level of the work involved, and the remuneration that is provided for the work.

COMMUNICATION TOOLS

Many local governments regularly make use of a range of different tools to connect with different audiences. For information on remuneration, councils and boards may find a combination of written materials, presentations, and information meetings to be most effective. Consider the following points:

UNDERSTANDING ROLES

Prospective candidates for local government elected office should clearly understand the nature and level of the work involved, and the remuneration that is provided for the work. Resources such as "Thinking About Running for Local Office?" can help.



- > *Written Materials* — Providing information in writing is a useful way to ensure accuracy of message, and to promote transparency. Written materials can also be made available in a number of formats in order to allow for distribution to various audiences. Examples of written materials to provide include:
 - remuneration policies and bylaws, complete with user-friendly introductions to explain the purpose and contents of the documents
 - information pamphlets on the reasons for, importance of, and principles in place to guide elected official remuneration
 - education booklets on the duties and responsibilities of local elected officials, as well as the time commitment involved
 - terms of reference to guide remuneration reviews
 - reports on the outcomes of remuneration reviews
 - regular disclosure of remuneration and expenses paid

Public surveys represent an additional written item that can be used not only to solicit public views on remuneration, but also to communicate the reasons for remuneration, and the existing remuneration, expense, and benefit programs in place.

- > *Presentations* — Public presentations (i.e., at open council and board meetings) of the results of remuneration reviews are effective communication methods, particularly when reviews have been completed by an independent panel, and presentations are made by the panel chair.
- > *Information Meetings* — Information meetings are used in several local governments to help prospective candidates understand the duties and responsibilities of the elected official jobs. Where not already the case, these meetings could include a component on remuneration. The reasons for remuneration, and the principles guiding remuneration, would be important to communicate in addition to the remuneration levels.

PUBLIC INVOLVEMENT

Kamloops' Council Remuneration Task Force solicited input from the public through a carefully-constructed and -implemented engagement program. Five community events were attended by Task Force members. A survey was also provided for all interested residents.

Information meetings can also be used as part of remuneration reviews. Such meetings are held in some centres to educate audiences on elected official remuneration, and to solicit views on appropriate packages to provide.

BEST PRACTICES

- > *Local governments should consider including in their communications programs information on the nature of elected official roles, the purposes of remuneration, principles to guide the setting of remuneration, details on remuneration levels, remuneration reviews, and expenditures made.*
- > *Local governments should consider using a range of tools to communicate information, including written materials, presentations, and information meetings.*

SECTION 6

BEST PRACTICES SUMMARY

This *Guide* has presented a series of best practices to assist local governments in setting elected official remuneration. Figure 6.1 pulls the best practices together into one table.

Figure 6.1
Remuneration Best Practices

Section	Topic	Best Practices
Section 2: Conducting Reviews	Independent Task Force	<ul style="list-style-type: none"> > Local governments should consider establishing an independent task force to conduct reviews of elected official remuneration.
Section 3: Timing and Frequency	Timing of Reviews	<ul style="list-style-type: none"> > Local governments should consider conducting remuneration reviews, and reporting the results, at least one year before the next election.
	Frequency of Reviews	<ul style="list-style-type: none"> > Local governments should consider conducting remuneration reviews once per term. > Local governments should consider setting out the timing for subsequent reviews in remuneration policies or bylaws.
	Annual Adjustment	<ul style="list-style-type: none"> > Local governments should consider including in their policies or bylaws provision for an automatic cost-of-living adjustment, using the CPI, to elected officials' base remuneration.
	Implementation of Changes	<ul style="list-style-type: none"> > Local governments should consider having changes to base levels, determined through remuneration reviews, take effect at the beginning of the following term. > Local governments should consider allowing for immediate implementation of changes to remuneration that are designed to protect elected officials from financial loss that would otherwise occur as a result of tax system shifts.

Section	Topic	Best Practices
Section 3: Timing and Frequency	Implementation of Changes	<ul style="list-style-type: none"> > Local governments should consider allowing for immediate implementation of annual cost-of-living adjustments.
Section 4: Setting Remuneration	Bases of Comparison	<ul style="list-style-type: none"> > Local governments should consider using remuneration paid to elected officials in similar local government jurisdictions as the preferred basis for determining remuneration.
	Comparison Group	<ul style="list-style-type: none"> > Local governments should consider establishing comparison groups using population, combined — as deemed necessary — with other factors that influence elected official workload and level of responsibility. > Local governments should consider including at least five jurisdictions (preferably more) in the comparison groups.
	Using the Data	<ul style="list-style-type: none"> > Local governments should consider using simple formulas that make the calculation of remuneration levels as straightforward as possible, easy to explain, and easy to understand.
	Regional District Supplemental Payments	<ul style="list-style-type: none"> > Local governments should consider targeting supplemental payments to non-core meetings, and structuring base remuneration levels to include attendance at board and committee of the whole meetings.
	Eligible Expenses	<ul style="list-style-type: none"> > Local governments should consider including in their expense policies and/or bylaws the principle that elected officials should not themselves be expected to pay expenses that are incurred in order to perform their roles. > Local governments should recognize that the range of legitimate expenses incurred to perform the roles of mayor and board chair will be greater than that incurred to perform the roles of councillor and board director.

Section	Topic	Best Practices
Section 4: Setting Remuneration	Eligible Expenses	<ul style="list-style-type: none"> > Local governments should provide clarity in regional district expense policies/bylaws to ensure that municipal expenses incurred by municipal directors are reimbursed by the appropriate municipal governments. > Local governments should ensure that lists of eligible expenses reflect unique local conditions. > Local governments should periodically re-examine decisions on eligibility to ensure that lists of eligible expenses evolve to reflect changing needs and to reduce barriers to participation.
	Benefits	<ul style="list-style-type: none"> > Local governments should consider providing access to extended health, dental, vision and insurance to all local elected officials. > Local governments should consider contributing to the cost of benefit premiums on a pro-rated basis, in accordance with the full- or part-time nature of elected positions. > Local governments should consider extending benefits to family members of elected officials, provided that the elected officials themselves pay the full incremental cost of such coverage. > Local governments should periodically re-examine the range of benefits provided to ensure that benefits programs reflect changing needs, and reduce barriers to participation.
Section 5: Communications	Information to Communicate	<ul style="list-style-type: none"> > Local governments should consider including in their communications programs information on the nature of elected official roles, the purposes of remuneration, principles to guide the setting of remuneration, details on remuneration levels, remuneration reviews, and expenditures made.
	Methods of Communication	<ul style="list-style-type: none"> > Local governments should consider using a range of tools to communicate information, including written materials, presentations, and information meetings.

Strategic Plan 2021 Action Items - Report Back

STAFF SALARY REVIEW

Undertake a staff salary review

BACKGROUND:

The City of Victoria periodically conducts a review to ensure its compensation for exempt staff is competitive to a defined external market so that it can continue to attract and retain talent. The last review took place in 2013.

The City has historically targeted the median (middle) level of its external market, which was defined in 2013 as the following BC local governments:

1. Capital Regional District
2. Delta
3. Kamloops
4. Kelowna
5. Nanaimo (City)
6. North Vancouver (District)
7. Port Coquitlam
8. Richmond
9. Saanich

Previous reviews have been undertaken by consultants with expertise in compensation structures, and have included identification of benchmark positions, development of survey tools, data analysis and reporting.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

Estimated cost to retain a consultant to complete the review is \$15,000 to \$20,000. Staff time to support the review process can be accommodated within work plans. Expected project time frame is approximately 12 weeks.

Strategic Plan 2021 Action Items - Report Back

GOVERNANCE REVIEW

Initiate a Governance Review

BACKGROUND:

At the January 7, 2019 Council meeting and following the Q2 2019 update, Council passed the following motion to advance the Strategic Plan action to “Initiate a Governance Review” in 2021.

That Council strike a working group consisting of Councillors Isitt, Loveday and Alto, to work with Legislative Services and Engagement in the first quarter of 2021 and report back to Council for a proposed governance review.

A governance review can encompass some or all of the following areas, or be of an even greater scope:

1. Functions
 - What is working
 - What is not working
2. Roles and Responsibilities
 - Mayor/Council/City Manager/Department Heads
3. Strategic Planning Process
4. Decision Making Process
 - a) Council Procedures Bylaw
 - Council Meetings Days and Times
 - Council Committee Structure
 - Advisory Bodies to Council.
 - b) public engagement/feedback on decision making processes
6. Council Code of Conduct
7. Council Remuneration (please refer to attached response on Council remuneration review).

A minor review was undertaken with existing staff resources in 2015/16 that covered Council and Committee meetings and Procedure Bylaw Amendments. Outside of the governance review, other 2020 Strategic Plan items relating to Good Governance and Civic Engagement involving video submissions, public hearing only council meetings and the creation of a lobbyist registry will be coming forward to Council in the coming weeks

At the October 22, 2020 Committee of the Whole meeting Councillor Loveday provided a report (attached) for Council's consideration to define the scope of the Governance Review.

The following recommendation to Council was made and will be considered at the November 5, 2020 council meeting:

Strategic Plan 2021 Action Items - Report Back

Initiating a City of Victoria Governance Review

That Council direct staff to schedule a Council workshop and a separate workshop for staff and a workshop for residents and stakeholders to provide input to further inform the scope and priorities of a Governance Review and the selection of a consultant;

And That Council direct staff to report back with a proposed work plan and engagement strategy for the Governance Review aligned to the scope outlined in this report and informed by input received at the workshops outlined previously;

And That Council directs staff to report back with a budget estimate for the Governance Review and include that estimate in the 2021 budget for Council's consideration;

And That Council appoints up 3 councillors as a sub-committee to guide the Governance Review process.

That Council direct staff to include in their report back best practices regarding embedding an equity and anti-racism mandate into the governance review.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

The scope of the Governance Review will influence the costs and resource implications. A medium to full scope review would require the use of consultant services. Until a scope for the review is defined, it is difficult to assess financial and resource implications, as this could be within a range of \$10,000 to \$50,000.

Estimates of costs for the scope of review identified in the motion Council will be considering is in the range of \$50,000 to \$75,000 and would require the engagement of consultant services.



Council Member Motion
For the Committee of the Whole Meeting of October 22, 2020

To: Committee of the Whole **Date:** Oct. 12, 2020
From: Councillor Loveday
Subject: Initiating a City of Victoria Governance Review

Background:

The City of Victoria's 2018-2022 Strategic Plan includes a high-level priority of Good Governance and Civic Engagement and a 2021 action to "Complete a Governance Review". By conducting a targeted governance review, informed by Council, city staff, residents, and experts in civic governance, the City of Victoria has an opportunity to better align City processes with the City of Victoria's stated values and vision of inclusion, civic engagement, and good and open governance.

The City of Victoria's last governance review occurred in 2008, conducted by George Cuff, and much has changed since then, including demographic and population shifts, increased complexity of the issues facing Council, technological advances, and a new emphasis on diversity, inclusion, and reconciliation. Conducting a Governance Review in 2021 could help address governance challenges, improve transparency, and set up the next Council, to be elected in 2022, for success. To ensure the Governance Review is rooted in the espoused values of the City of Victoria, it is important that an equity lens is applied to this process.

Key Areas of Consideration for a Governance Review (to be fleshed out and added to through engagement with Council, City Staff, stakeholder groups, and residents):

1. Improving transparency and ensuring accountability
Considerations:
 - Processes for effective Council decision-making including whose input is received and how that input is considered
 - Ensuring all correspondence and public input is received, read, and responded to appropriately and in a timely fashion
 - Clear definition of roles and responsibilities for Council, CAO, and staff
 - Improving transparency of work undertaken by Councillors on City appointed committees and boards.
 - Further limiting in-camera meetings and pro-active release of information
 - Tracking plans and reports and ensuring implementation of all approved plans
2. Appropriate, consistent, and highly functioning advisory committee structures
Considerations:
 - The best process for advice and recommendations to flow to and from committees
 - Chairing of committees and role of council liaisons

- Adequate support from City Staff to support committees
 - Ensuring that the time and expertise of committee volunteers is respected and honoured
3. Length, frequency and scheduling of council meetings
Considerations:
 - Improving governance and access for residents by shortening the length of meetings and limiting how late meetings can run
 - Ensuring meetings are accessible and inclusive of residents from diverse backgrounds and lived experiences
 4. Technology and the changing nature of work
Considerations:
 - Role of virtual meetings and digital participation post-pandemic
 - Changes in governance, and expectations due to technological advances
 5. Respecting public input and building public trust
Considerations:
 - Public engagement that meets IAP2 standards
 - Council and staff hear from diverse populations representative of City of Victoria residents
 - Ensuring responsiveness to public correspondence and requests
 - Flexibility of City processes to work within Indigenous protocols and approaches in relationships with the Esquimalt and Songhees Nations and in activities relating to reconciliation efforts
 6. Defining the role Mayor and Councillors
Considerations:
 - What is the public expectation of the role(s)
 - What is the role of councillors as a neighbourhood liaison?
 - Is being a Councillor a full or part-time job?
 - If the role of Councillor is a part-time job, what can be done to limit the scope of work, provide support, or streamline processes?
 - If Councillor is full-time, what changes are required to recognize this expectation?
 - How should council evaluate its own performance?
 - Best practices for reviewing Council remuneration

It is recommended that an approach is undertaken that engages the working knowledge of mayor and council, city staff, residents, and an outside consultant with experience and expertise in civic governance. Consultation will be key to success and should occur in stages as the review process progresses. It is important that emerging governance issues can be tracked and considered as consultation advances.

Recommendation:

That Council direct staff to schedule a Council workshop and a separate workshop for residents and stakeholders to provide input to further inform the scope and priorities of a Governance Review and the selection of a consultant;

And That Council direct staff to report back with a proposed work plan and engagement strategy for the Governance Review aligned to the scope outlined in this report and informed by input received at the workshops outlined previously;

And That Council directs staff to report back with a budget estimate for the Governance Review and include that estimate in the 2021 budget for Council's consideration;

And That Council appoints up 3 councillors as a sub-committee to guide the Governance Review process.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Loveday', written in a cursive style.

Councillor Loveday

Strategic Plan 2021 Action Items - Report Back

CO-GOVERNANCE OF MEEGAN (BEACON HILL) PARK

Explore co-governance of Meegan (Beacon Hill) Park and shoreline areas with the Lekwungen speaking people.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

Once the scope of this initiative has been determined by Council, including the level of staff involvement, any financial and human resource implications can be identified.

Strategic Plan 2021 Action Items - Report Back

VICTORIA HOUSING CORPORATION

Explore the potential of creating a Victoria Housing Corporation

BACKGROUND:

This item was incorporated as an action in the June 2019 update to the Victoria Housing Strategy Phase Two. Upon adoption, Phase Two actions that had the most immediate impacts on addressing housing affordability were prioritized. In response to the COVID 19 pandemic, in June 2020, actions that improve housing security were reprioritized. Therefore, this action is targeted to be initiated following the completion of priority actions, and before the end of 2022.

The Planning and Legal departments have analyzed the costs and benefits of creating a housing corporation and seek to clarify Council's objectives of this action. Clarification of Council's objectives for this action is needed.

Municipal housing corporations, although wholly owned by a municipality, operate at an arms-length and are not subject to the direct control of municipal councils. These corporations aim to be self-funded and are responsible for independently managing municipal assets for the purposes of developing, owning or operating affordable housing. However, if the intention of this action is to establish a housing function within the City of Victoria, then there is no additional benefit to establishing a separate housing corporation.

The City of Victoria already performs a housing function, which is led by the Sustainable Planning and Community Development, and Strategic Real Estate departments. These staff teams work across departments and collaborate with external partners to achieve housing objectives. The Planning department develops policies, plans and programs, as well as regulates land use and residential development. Strategic Real Estate manages City assets, including the acquisition, dispossession and lease of city-owned lands, for affordable housing purposes among others. Currently, the City leases several properties to non-profit housing providers, and there are an additional 364 affordable housing units proposed to be built on city-owned sites. This interdepartmental work on housing objectives is recognized as a priority action and continues to be strengthened over time. Therefore, the City of Victoria already performs a housing function, and the creation of a separate independent entity may not provide additional benefits to achieving City housing objectives.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

It is recommended that Council's objectives of this action be clarified; depending on these objectives there may be no financial or human resources required.

However, if it is the intent of Council to create an independent housing corporation, the legal costs would range from \$10,000 to \$20,000, and pursuant to section 185 of the Community Charter, provincial approval from the inspector of municipalities is required for the City to create a business corporation. Further research would be required to understand best practice approaches for creating a municipal housing corporation, including consideration of possible duplication of roles with the existing Capital Regional Housing Corporation as well as any subsequent startup costs.

Strategic Plan Motions - Report Back

SENIOR'S HOUSING

Develop relevant partnerships and pilot a project matching seniors with extra bedrooms with eligible lodgers.

BACKGROUND:

This item was incorporated as an action in the June 2019 update to the Victoria Housing Strategy and expanded to include a range of intergenerational housing options:

***Intergenerational Housing:** Explore intergenerational housing options to improve access to housing and social inclusion across generations, including developing partnerships and piloting a project matching seniors with extra bedrooms with eligible lodgers*

When it adopted the *Victoria Housing Strategy Phase Two*, Council endorsed a prioritization of actions that would see the biggest impact of the most affordable housing addressed first. A later Council motion in June 2020 directed staff to prioritize actions that would have a direct impact on housing security during the COVID crisis. This action is therefore slated to be launched following the completion of COVID priority actions and the Housing Strategy priority actions and is now targeted for completion in 2022.

However, some preliminary work on this action has been completed, including:

- an intergenerational housing session at the Victoria Housing Summit (March 2019)
- conversations with potential project partners including the United Way, HappiPad (a seniors/boarders matching software application), the CRD, and Generation Squeeze
- an exploration of innovation grant funding including a related project proposal completed by Generation Squeeze for City adaptation.

Once this project is launched, due to its innovative nature, it is recommended that the City apply for grant funding, which (particularly if CMHC funding is requested) may require initial start-up funds for the project application process. However, staff resources would still be required to plan, develop, implement, and coordinate with a consultant (as required).

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

Due to the reprioritization of the Victoria Housing Strategy, this action is not slated for completion in 2021 and therefore will have no financial or human resource implications.

Strategic Plan 2021 Action Items - Report Back

LOW COST OR FREE INTERNET SERVICE

Work with partners to explore improved access to low cost or free internet service

BACKGROUND:

The business model for this initiative in other municipalities in BC is for the municipality to lease small Internet Service Providers (ISP) municipally owned fibre, which may help them establish a presence and allow for lower operating costs to enable passing the savings on to the consumer. The City does not currently have a sufficient fibre footprint to resell to small ISP's and would therefore need to build one.

This initiative would involve building City-owned fibre infrastructure to create a new "utility" that may increase competition amongst internet service providers in the city. The City's existing fibre network is not sufficient to provide this type of service so new infrastructure is required. This would involve very high upfront capital expense to build a network large enough to support internet connectivity in part of the city's core and potentially in residential neighbourhoods as well. A number of municipalities in BC have undertaken a similar initiative for various reasons including economic development and providing more competition among internet service providers. Connections are only available for buildings with 40 units or more, and the business model is typically targeted at condos, not apartments. Monthly service rates for customers in buildings in those municipalities ranges \$35-\$95, compared to Shaw and Telus at \$60 - \$165 for similar speeds.

There are a number of risks to be aware of including disruptive future technology obsoleting this new City utility is always present; potential lack of initial demand thus prolonging the payback period; or existing large incumbent internet service providers lowering their costs to prevent new utility from getting established.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

This would be a new City service with significant start-up costs and capital infrastructure in the multi-millions. An operating budget would need to be established and would involve additional staff and/or subject matter expert consultant costs. The payback period is in the 10 – 20 year timeframe according to other municipalities currently undertaking a similar approach.

Strategic Plan 2021 Action Items - Report Back

URBAN AGRICULTURE

Working with specialists in the field explore agriculture water rates for food production in the city on land that is used principally for food production.

BACKGROUND:

The CRD subsidizes agricultural water rates for water customers with properties that have obtained farm classification from BC Assessment and qualifying water consumption amounts. Currently there are no farms in Victoria with BC Assessment property farm classification. The City has no input into BC Assessment's property farm classification.

Currently, urban farm operators are not accessing CRD subsidized agricultural water rates because they do not have farm classification, and there is no City process to invoice qualifying customers at the agricultural rate. Once a property has achieved farm tax class through BC Assessment, the City could invoice at an agricultural water rate subsidized by the CRD.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

Providing access to CRD subsidized agricultural water rates has no impact on the City financially. Should an urban farm become eligible to receive the subsidized agriculture rate, administration support and systems programming will be required to develop and process the application.

Strategic Plan 2021 Action Items - Report Back

URBAN AGRICULTURE – TAX RATES FOR URBAN FARMS

Advocate to BC Assessment for farm classification for lands being used principally to grow food and consider lowering the tax rates for urban farms (once designated by BC Assessment).

BACKGROUND:

In 2019, City staff met with BC Assessment to explore if lands being used principally to grow food, such as community gardens, could attain farm classification. Staff received feedback that any properties seeking farm status would need to meet a number of requirements to achieve BC Assessment's farm classification. BC Assessment also indicated that they are available to provide further information and advice to individual property owners should they wish to explore how they could obtain this classification.

Currently, there are no farms in Victoria with BC Assessment property farm classification. Should Council wish, staff will reach out to BC Assessment in 2021 to further advocate for an expansion of the farm classification.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

This work can currently be accommodated within existing resources.

Strategic Plan 2021 Action Items - Report Back

URBAN AGRICULTURE – NEIGHBOURHOOD FOOD PROGRAMS

Support neighbourhood food/meal programs.

BACKGROUND:

In 2020, staff utilized existing growing space and resources to launch the Get Growing, Victoria! seedling distribution program. Since the program was initiated, the City has grown and distributed over 80,000 seedlings to thousands of people through collaboration with over 40+ community organizations and groups that directly support communities disproportionately impacted by the pandemic. In addition, the City sponsors the distribution of excess garden materials to residential home gardeners. In 2020 approximately 150 cubic yards of compost and leaf mulch was made available at twelve distribution sites

The program will continue in 2021, providing a selection of spring, summer and fall crops to be distributed in April, June, and August. In 2021, the program will also pair distribution of seedlings with educational videos and mentorship matching opportunities. Leaf mulch and compost will be distributed bi-annually in the spring and fall in every neighbourhood.

To further support local food/meal programs, staff will be launching the Neighborhood Meal Program Feature map, launching in spring 2021. This online tool will identify available meal programs through icons on a map of the city. Features will include location, hours of operation, demographic support (i.e. family, seniors, youth, etc.), accessibility considerations, and any applicable fees. Food distribution programs such as the Good Food Box and the Community Food Rescue programs, will also be included.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

Financial and human resource implications for this work have been included in the draft 2021 Financial Plan.

Strategic Plan 2021 Action Items - Report Back

URBAN AGRICULTURE – SHARING BACKYARD PROGRAM

Work with non-profits to bring back the Sharing Backyards Program

BACKGROUND:

Sharing Backyards was an online platform connecting landowners with available backyards and gardeners looking for a gardening space. Developed and operated by LifeCycles in early 2000, the program was terminated due to a lack of sustained funding for maintenance and upkeep.

Staff have been exploring collaboration opportunities to bring back *Sharing Backyards* with regional organization, Capital Region Food and Agriculture Initiatives Round table (CRFAIR) and national organization, Young Agrarians.

The Young Agrarians, a nation-wide non-profit farmer resource organization, has extended its farmland mapping program to include both rural and urban gardens, centralizing information for those looking for garden space to use and those with garden space to share. The [U-Map](#) shows locations of gardens and farms with extra space or in need of helpers, listing the size, type and nature of the land for those looking, who can also post specifics of what they want. This garden share map functions similarly to *Sharing Backyards*.

With funding support from CRFAIR, Young Agrarians will develop an upgraded platform and begin targeting outreach to Victoria users.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

This work can currently be accommodated within existing resources.

Strategic Plan 2021 Action Items - Report Back

ZERO WASTE STRATEGY

Implement a robust Zero Waste Strategy

BACKGROUND:

Council directed staff to develop a Zero Waste strategy in 2019 as an action under the Climate Leadership and Environmental Stewardship objective of the Strategic Plan and to implement the Zero Waste strategy beginning in 2021. The initial phase of the strategy development began in 2019 including an analysis to understand the source of materials generated in the City of Victoria and their destination to compost, recycling and landfill facilities.

At the November 7, 2019 Committee of the Whole meeting, staff presented the outcomes of the analysis that revealed that the city is generating more waste than previously understood due to Victoria's position as the regional hub for employment, tourism and commerce and that there is an opportunity to reduce a substantial amount of waste using municipal tools and authorities that focus on the avoidance and reuse of materials and products. Based on these outcomes Council directed staff to proceed in 2020 with the second phase of the Zero Waste strategy development to engage with stakeholders to prioritize strategies and actions and establish metrics and targets for evaluating performance. Council also directed staff to initiate planning in 2020 for the implementation of key Zero Waste actions including expansion of public realm recycling, piloting a reusable takeback container program and options to mitigate the waste from building demolitions. A one-time allocation of \$200,000 and one new staff resource were committed in the 2020 budget to advance these initiatives.

The proposed strategy, *Zero Waste Victoria*, will be presented to Council for adoption in Q4 2020. The staff report for *Zero Waste Victoria* will be accompanied by a detailed implementation plan and resource considerations to guide the City's waste reduction actions through to 2023.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

The new staff resource allocated to zero waste in the 2020 budget was hired early in the year which enabled additional strategy development and implementation work to be completed using in-house resources. *Zero Waste Victoria* implementation planning for 2021 is being proposed to use existing staff resources and one-time funds carried forward from the 2020 budget. As a result, no additional operating funding is anticipated to be required to implement the strategy in 2021. Capital funds of \$95,000 are proposed in the 2021 budget to expand public realm recycling infrastructure and this has already been included in the draft capital plan.

Strategic Plan 2021 Action Items - Report Back

SHORE POWER

Work with the Greater Victoria Harbour Authority (GVHA) on options for shore power and lower emissions ground transportation.

BACKGROUND:

In recent years, Council has given direction to staff to work with the GVHA on the potential of requiring shore power by a particular date in order to significantly reduce and eventually eliminate the negative impact of waste, carbon emissions and particulate matter from the ships while they are in the City of Victoria.

Most recently, at the February 13, 2020 meeting of the Committee of the Whole, Council considered a report recommending staff work with the GVHA to prepare an amendment to the Memorandum of Understanding for Ogden Point to extend the completion of the Ogden Point Master Plan to December 31, 2025.

This represented a further extension to the completion of the Master Plan and was being sought to allow additional environmental work to be undertaken on the site and to assess recommendations from the GVHA consultants to further reduce emissions from Cruise Ships.

Given the recommendations made by the GVHA consultants plus the direction from the GVHA Board and City Council to pursue shore power, the GVHA requested an extension to the MOU through to December 2025. This extension will allow the GVHA to further develop an overall, Ogden Point development framework consistent with the James Bay Neighbourhood Plan (once developed) and pursue master plan development opportunities that are consistent with the GVHA 10 Year Strategic Plan. In that time the GVHA will also be working towards a number of outcomes including determining the feasibility, business case and funding sources to support the installation of shore power as well as working with the federal government to pursue further environmental examination and remediation of the Ogden Point site.

The outcome of the February meeting was that Council directed staff to work with the GVHA to prepare amendments to the Memorandum of Understanding for Ogden Point to extend the completion date of the Ogden Point Master Plan to December 31, 2025 and address a number of other issues including the installation of shore power as well as traffic related to the cruise ships moved through the James Bay neighbourhood and increasing the percentage of materials coming off the ships being diverted from landfill.

Installation of shore power to Ogden Point may require upgrades to BC Hydro infrastructure and require construction on city streets. Staff will continue to support the GVHA work through management of access to the public highway including coordination with other city capital projects and development activity.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

There are no staffing or financial resource implications associated with this motion for 2021. Staff will reassess any future resource implications as part of future budget cycle considerations.

30K SPEED LIMIT

Lower speed limits on local neighbourhood streets to 30 km per hour

BACKGROUND:

The Province has amended Part 13 of the BC MVA to allow pilot projects which would research, test, and evaluate new regulatory approaches to matters not set out in the Act. In May 2020, Council directed staff to work collaboratively with other municipalities to explore one or more proposals for the next call under the MVA Pilot Program, anticipated for fall 2020, and report back on resource implications as a part of the 2021 Financial Plan.

Speed limits and associated signage in British Columbia are regulated by the BC Motor Vehicle Act (BC MVA). The BC MVA stipulates that the default speed limit for roadways in the Province shall be 50 km/h within municipal boundaries and 80 km/h outside municipal boundaries, unless regulated otherwise through an adopted municipal bylaw and corresponding signage.

In anticipation of the MVA Pilot Program opportunity, the District of Saanich convened transportation staff from interested municipalities in the CRD in the summer of 2020 to discuss the concept of a regional pilot to reduce default speed limits on residential streets. The proposed scope of the regional pilot, which is being consulted on with regional road safety partners, is a default 40km/hr maximum on roads which do not have a continuous directional centre line. This does not prevent the City of Victoria from pursuing a lower 30km/hr maximum, and staff expect to make final recommendations on the reduced speed limit to Council on completion of stakeholder consultation in Q4 2020. Under such a pilot, there would also be exceptions to this definition that enable a local government to apply other speed zones for roads on a case-by-case basis – such as park zones, school zones, or All Ages and Abilities (AAA) cycling routes.

There are many benefits to reducing speed limits, including improved road safety particularly for vulnerable road users such as pedestrians, cyclists, and motorcyclists as well as enhanced community livability. In addition, the benefits of following an approach to reduce *default* speed limits has benefits by reducing the cost and administrative burden of installing what would be a significant volume of signage thereby also reducing ‘sign clutter’ and confusion.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

Staff will report back with a final recommendation on pursuing a three-year speed reduction pilot after initial consultation is completed this fall. Participation in a MVA Pilot project requires the City to invest in:

- Planning and design to establish a consistent, predictable and effective speed limit pilot
- Implementation including required signage and bylaw updates
- Education and outreach to help establish a culture of community “road safety stewardship” plus enforcement to support compliance
- Post implementation evaluation and reporting of program

Staff estimate \$125,000 will be required over three years to support pilot project implementation including: physical streetscape changes, road user awareness and education programs and required data collection efforts. Internal resources would also be required from Bylaw Services, Legal Services and Legislative Services to support required bylaw amendments. A temporary 2-year FTE within the Transportation Division would enable successful pilot project coordination, delivery and reporting without impacting the planned deliverables of other established road safety and traffic calming programs.

Strategic Plan 2021 Action Items - Report Back

DOWNTOWN RESIDENTS ASSOCIATION

Explore partnerships to create meeting space and a home base for the Downtown Residents Association

BACKGROUND:

The DRA requires space to conduct meetings related to matters within the downtown including meetings for their board and standing committees. Currently the DRA conducts its meetings at City Hall but is seeking to have an ability to conduct its business in a site with better logistics and access.

The City's NeighbourHub, located within the Crystal Garden retail unit space, has been made available to the DRA and they have used it in 2020 prior to the COVID-19 pandemic. The Hub will continue to be available to them in 2021 when it reopens.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

The initial approach to securing space is to review the City's existing properties to determine if the needs can be met within City owned land and preferably in property that is not currently revenue generating. If the City cannot find space within its portfolio of properties and must seek leased space in the downtown the costs to secure (base rent, additional rent) and insure a dedicated location to support their administration and committee meetings area (assuming 1,200 to 1,500 sqft) is estimated at \$60,000 per year. No additional human resource requirements are identified at this time.

Strategic Plan 2021 Action Items - Report Back

SUNDANCE SCHOOL COMMUNITY CENTRE

Work with School District 61 to explore use of Sundance School as a community centre for a Jubilee Community Centre

BACKGROUND:

This work has not been initiated due to current resource capacity challenges. Recruitment is underway to fill the Manager of Facility Development, who would be the City's lead on this project.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

Existing staff do not have the capacity to take on this work, given other priorities relating to the pandemic.

Strategic Plan 2021 Action Items - Report Back

PUBLIC LIBRARY – NEW BRANCH

Work with the Greater Victoria Public Library to provide library services in the north end of the city, including the exploration of a new neighbourhood branch.

BACKGROUND:

Discussions are underway with the Greater Victoria Public Library on potential next steps to develop a scope of work that will expand library services.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

The preliminary work to explore key requirements can currently be accommodated within existing resources. Once the project scope is defined a proposal outlining the implications can be developed.

Strategic Plan 2021 Action Items - Report Back

SHIP POINT PLAN

Ship Point Plan and Funding Strategy

BACKGROUND:

In March 2017, Council directed staff to undertake a master planning process to develop a detailed site plan and implementation strategy.

In September 2017, Council directed staff to proceed with a Ship Point concept design (with refinements) as the basis to prepare a draft master plan. The design concept was informed by programming and operational requirements for Ship Point, geotechnical issues, and a range of site design, programming and placemaking opportunities.

In May 2018, the work associated with the draft Ship Point Master Plan was concluded. The intent of the document was to provide a long-term vision and implementation strategy for Ship Point as a signature waterfront destination within the Inner Harbour, including:

- guiding incremental structural and surface improvements required over the short, medium and long term
- coordinating with associated City initiatives and programs
- informing funding priorities as part of financial planning and budgeting processes
- identifying opportunities for funding from potential partners and senior levels of government
- guiding the detailed design for each phase of the Plan.

In 2018/2019, work highlighted through early conditions assessments and required to maintain the continued use of Ship Point on both the City and GVHA portions of the site, was completed.

In 2019, consideration of the draft Ship Point Master Plan was deferred due to other strategic priorities.

Given that work has been done to maintain the site's existing use and the unknown impacts of COVID-19 on business operations and public gatherings, it is recommended that consideration of this project be postponed until 2023. This would allow the longer-term impacts and trends from COVID-19 to be better understood as they could change both the scope of the proposed uses on site as well as assumptions made as part of the funding strategy.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

As it is recommended that this action be deferred until 2023, it will have no financial or human resource implications in 2021.

DAYLIGHTING STREAMS:

That Council direct staff to report back as part of the 2020, 2021 and 2022 budget process with opportunities for daylighting streams.

BACKGROUND:

Identifying opportunities to daylight and celebrate culverted streams is identified as a priority action in the 2017 Parks and Open Spaces Master Plan. Daylighting streams that have previously been confined to underground pipes offers opportunities in improved water quality, flooding reduction, new aquatic and natural habitat as well as community revitalization. The technical and financial feasibility of daylighting streams is often challenging in an urban environment.

Fully daylighting a stream is costly and requires a long-term strategy to identify priorities, opportunities, constraints and costs.

The Capital Regional District coordinates the Bowker Creek Urban Watershed Renewal Initiative (the BCI) with the City of Victoria, District of Saanich and District of Oak Bay as municipal partners. In 2017, the City was awarded an infrastructure planning grant to undertake a Daylighting Feasibility Study, in partnership with the other members of the BCI.

The Daylighting Feasibility Study was completed in Spring 2020 and incorporates a range of technical considerations, including existing land uses, parks and trails, topography, land acquisition plus creek and system hydraulics. The final report summarizes the existing conditions, opportunities and constraints and daylighting routes including preferred and alternate corridors for the creek and proposed creek cross sections.

Staff will be bringing forward a report to Council in **Q1 2021** that will include details of the study and recommended next steps which is expected to include recommendations to commence the development of an implementation plan, based on the opportunities and risks outlined in the 2020 feasibility study.

An update to the Stormwater Master Plan is also scheduled for 2021. A component of this work will be to consider further assessment of the opportunities, constraints, priorities and costs for daylighting other creeks in the City.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

Development of the Bowker Creek Daylighting Implementation Strategy can be undertaken within existing staffing resources. Priorities and detailed assessments of specific projects, timelines and costs would be brought forward upon completion of the plan and included in future year budget considerations.

Appendix D - Deferred Items from 2020

2020 One-Time Items - Original Funding Reallocated	One-time
Arts and Culture	
Create Victoria - Cultural Infrastructure Grant Program	\$ 100,000
Create Victoria - Cultural Spaces Roadmap	25,000
Banfield Park to Selkirk Bike Route - planning	35,000
Climate and Environment	
Climate Leadership Plan - Oil to Heat Pump Incentive Program	300,000
Climate Champion Program	50,000
Greater Victoria Coalition to End Homelessness	
Coordinated Implementation of Pandora Task Force	50,000
Place-Making - Engagement Costs	8,000
Reconciliation and Indigenous Relations	
Reconciliation Training	34,650
Truth and Reconciliation Dialogues	80,000
Indigenous Relations Function	75,000
Strategic Plan Support Services	
Engagement	75,000
Banfield Park Swimming Dock Study	15,000
Total	\$ 847,650

ARTS AND CULTURE

Create Victoria – Cultural Infrastructure Grant Program and Cultural Spaces Roadmap

Strategic Plan Objective #4: Prosperity and Economic Inclusion			
Topic	Action	Comments	New Resource Requirements
Arts and Culture (Create Victoria) (BCR)	Support arts, culture and innovation venues and spaces (On-Going)	Create Victoria Strategic Priority #1 provides goals, objectives and action items to implement this action. In 2020 Council added staffing (1 FTE). This action also requires one-time funding of \$100,000 to establish a Cultural Infrastructure Grant program and \$25,000 to develop a Cultural Spaces Roadmap to serve as a guide for cultural space planning.	\$100,000 (one-time) + \$25,000 (one-time)

BANFIELD PARK TO SELKIRK BIKE ROUTE – UPDATED FOR 2021 FP CONSIDERATION

That Council direct staff to report back on the potential to incorporate into the 2020 capital budget the paving of the bike route through Banfield Park to link with Selkirk.

NOTE: This item was deferred in 2020 due to COVID-19. The funding amount allocated by Council in the 2020 Financial Plan was \$35,000. This funding represents only a fraction of costs that would be required to plan, design, and construct the project. At this time staff recommend not allocating the \$35,000 in 2021. Pathway paving and related upgrades could be considered in future years once a Park Improvement Plan is completed and the project is fully scoped taking into account the context, risks and opportunities of this important site.

BACKGROUND:

This route through the park currently provides a gravel pathway connection between Craigflower Road and the Galloping Goose trail. Paving of the connection through Banfield Park would allow for an enhanced all-weather surface with improved comfort and utility for cyclists, but has to be carefully considered for all pathway users, accessing the park, neighbourhood gardens, and children's playground.

The 2018 Victoria West Neighbourhood Plan identifies the assessment "...of this waterfront trail for visibility, trail surfacing, cyclist speed and ecological impact as part of long term park improvements". This project is identified as Long Term (2028+) in the Neighbourhood Plan Actions.

Resident and user concerns about paving of the connection were raised during the neighbourhood planning process concerning pedestrian safety and cyclist speed. Increased pavement and surface performance can introduce higher cyclist speeds and necessitate additional interventions to balance pathway user safety standards which have to be considered alongside surrounding park design and amenities.

Re-engineering of the pathway is also complex. The route requires improvements to site drainage, careful assessment of impacts on mature trees and shoreline habitat plus contaminated soil and archaeological assessments. The project may require an examination of alternative pathway alignments in order to mitigate these risks and should be considered in the context of any broader Banfield Park improvement plans.

There are no other improvements currently planned for Banfield Park in 2021. While the pathway is susceptible to rutting and erosion during the winter months, this asset remains a part of the City's annual grading and maintenance regime to provide safe walking and cycling conditions for all users.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

Bringing just the paving project forward in isolation is constrained by the additional related project scope and requirements. Due to the complexities of this project outlined above, additional resources would be required not just to pave the connection but also to assess, design, engage the community and potentially facilitate other related park improvements.

A Class D estimate of construction costs shows \$240,000 including walkway paving and drainage. Unique professional services for geotechnical analysis (including contaminated soil assessments), environmental monitoring plus archeological assessment and monitoring are estimated to be \$125,000. With staff design resources committed to existing capital projects, external design support services are anticipated at an estimated \$50,000 giving a total estimated project cost of \$415,000 plus contingencies that are in line with the City's capital cost estimating policy. Project management staff resources of 0.25 FTE for 6-8 months is estimated at \$22,000 to oversee delivery of the project. Since it is unlikely that outside staff resources for the 0.25 FTE will be secured, internal project management resources will need to be reallocated which will impact the delivery of other transportation capital projects.

CLIMATE AND ENVIRONMENT

Climate Leadership Plan – Oil to Heat Pump Incentive Program

HIGH IMPACT INITIATIVE 1: OIL TO HEAT PUMP INCENTIVE PROGRAM

Issue/Problem Statement:

Over 1500 oil furnaces heat homes in Victoria, most of which are in older single-family homes. Most households replacing their oil heating system are opting for fossil gas-powered furnaces, which 'locks' them into continued greenhouse gas emissions, instead of a low carbon heating system, such as an electric air source heat pump. In the year 2018 alone, 116 households switched from oil to gas whereas only 18 took advantage of existing incentives to upgrade to a heat pump. Without intervention, this trend is expected to continue, which is problematic as it ties households to continued fossil fuel reliance for likely more than a decade further.

Factors and Considerations:

- a. **Affordability:** (ownership and upgrades): Switching from oil heating to an air source heat pump can typically save 40-75% on annual heating bills according to the previous Oil to Heat Pump Incentive Program, which was funded by the BC Ministry of Energy, Mines & Petroleum Resources. When combined with other energy efficiency measures, switching to a heat pump can provide greater energy reduction and better business case over gas (Evins, 2018).
- b. **Safety and Environmental Protection:** Home heating oil tanks can fail, leading to oil spills into soil, ground water or nearby ecosystems, causing potential health and environmental risks that are costly to remediate. Once spilled, rain and irrigation water carry oil through the soil into residential perimeter drains and the surrounding environment. Perimeter drains can quickly carry oil into the storm drain systems, which empty directly into creeks, harbours or shorelines (CRD, 2016).

It is estimated that 1 litre of leaked oil can contaminate 1 million litres of water and the average cost of a cleanup for a homeowner is \$250,000 to more than \$500,000 (Insurance Bureau of Canada, 2017). The presence of gas lines as an alternative pose leakage risks during seismic events or during excavations / digging. Malfunctioning gas appliances, inadequate ventilation, and lack of monitoring may also put gas households at greater risk of carbon monoxide poisoning (Natural Gas Safety – FortisBC, 2019).

- c. **Equity:** Previous phone surveys to oil heated households in Victoria have revealed that many are owned or inhabited by elderly residents on lower or fixed incomes. Insufficient incentives, confusing selection and installation options and processes are a few of the noted barriers that some homeowners face when upgrading to heat pumps.

In addition to increased affordability for those who would benefit most, heat pumps provide key climate adaptation features. By also providing cooling, households are able to cope more effectively with the expected increase in heatwaves where daytime temperatures reach above 25°C. Cooling comfort is essential for our older population and other vulnerable groups who are more susceptible to health impacts from prolonged heat events. When compared to oil, heat pumps can also provide airflow, dehumidification with options to add an enhanced filtration system to improve indoor air quality.

- d. **Related Programs:** The CleanBC Better Homes fuel-switching incentive is currently offered to homeowners where they can receive up to \$4200 for switching from oil (or gas) to a heat

pump, which is made up of top-ups from the City of Victoria (\$350), the CRD (\$350), electrical panel upgrade (\$500) and base \$3000 incentive offered by the Province. For 2020, there is an opportunity for the City to increase the available top-up offering to \$2000 as well as the electrical panel upgrade incentive which would improve the business case for homeowners to switch to heat pumps instead of fossil gas.

The program will also be expanded to offer a zero-interest finance program, and may also introduce a corresponding equity-based program with an opportunity to partner with local governments. It is unclear if these programs will run past the fall 2022, which provides a 2-year window to leverage existing funds and provincial administration.

- e. **T2050 Residential Retrofit Acceleration Program:** The City is currently working with City Green Solutions (non-profit energy retrofit agency) and a cohort of eight other Vancouver Island municipalities through a FCM-funded program. This work aims to develop longer term strategies and solutions to accelerate the adoption of low-carbon retrofits, such as heat pumps. The project is coordinated by both City Green Solutions and the Home Performance Stakeholder Council, where engaging with industry and consumer engagement are key components to gain localized insights on barriers and opportunities. This is the first study of its kind in Vancouver Island, and is galvanizing support for increased investments and regional alignments in retrofit program development. To date, a draft strategy has been submitted and is in the process of being reviewed by the City. The work identifies heat pump adoption priorities and actions and program requirements related to local industry engagement, communications/ outreach plan development, target market analysis, consumer engagement strategies, and industry support. The study also highlights the need for longer-term market transformational approaches that include advocacy for greater municipal powers and funding, development of an equity program, industry support initiatives, home energy labelling, and broader consumer outreach strategies. For the remainder of 2019 and throughout 2020, these draft strategies will be finalized, and pilot programs will be discussed and initiated. The T2050 program will end in 2020 and it is yet unclear what steady-state actions will be implemented.

Oil to Heat Pump Incentive Program - Program Overview

Target(s)	Advance and intensify the CLP targets by 5 years, so that ALL remaining oil heating systems are replaced with heat pumps by 2025.
GHG Benefit Potential	Removal of oil heating would result in the avoidance of an estimated 62,000tCO ₂ e each year (15% overall GHG savings).
Program Objectives:	1. Rapidly reduce the emissions burden of oil heating. 2. Ensure a transition to renewable energy.
Program Description	<p>The City will immediately increase its fuel-switching top-up offer from \$350 to \$2000. An additional \$500 top-up will be offered to the Province's new electrical panel service upgrade incentive.</p> <p>This will be done to leverage the existing \$3000 fuel-switching rebate from the Province and \$350 top-up offered by the CRD. Topping up the new electrical panel upgrade rebate will bring the total available incentive amount to \$6350.</p> <p>The City will allocate additional funding to the forthcoming Provincial oil to heat pump equity incentive that is targeted towards lower income households in 2020.</p>

	In the longer-term, alternative equity programs will also be explored to ensure that funds are prioritized for those populations that need it most.
Key Barriers	<ol style="list-style-type: none"> 1. Artificially low price of gas energy costs 2. Gas marketing effectiveness 3. Split incentives for landlords
Strategies	<ol style="list-style-type: none"> 1. Strong time-limited financial incentive from the Province (2020-2022 only). 2. Integrated marketing campaign focussed on oil furnace replacement timings. 3. Education and awareness materials/support.
Priority Actions	<ol style="list-style-type: none"> 1. Immediately increase the City's top-up offer for the Province's CleanBC Better Homes fuel-switching rebate; including the electrical panel upgrade offer and forthcoming equity program. 2. Accelerate proactive oil removals and heat pump uptake in the community by employing a variety of outreach strategies.

Climate Champion Program

Strategic Plan Objective #6: Climate Change and Environmental Stewardship			
Topic	Action	Comments	New Resources Required
Climate Champion Program (Council Mayor's Office)	Create Neighbourhood Climate Champion program with one child, youth, adult, and elder from each neighbourhood to lead and inspire (2019)	Funding to create and facilitate a network of Champions in order to share ideas, undertake partnerships, and encourage fun and innovative action to reduce the community's greenhouse gas emissions.	\$50,000 (One-Time)

GREATER VICTORIA COALITION TO END HOMELESSNESS

Coordinated Implementation of Pandora Task Force

GREATER VICTORIA COALITION TO END HOMELESSNESS:

That Council direct staff to comment, as part of the 2020 budget process, on the implications of implementing:

Immediate Recommendations:

#3 Appoint the GVCEH and City of Victoria to coordinated implementation of these actions and report on results

BACKGROUND:

From 2015 to 2016, and again from 2018 to present, Mayor Helps has convened an informal working group known as the Pandora Task Force to work collaboratively and inclusively on the 900 block of Pandora Avenue. The group has included service providers on the block, Victoria Police Department, Council's Downtown Liaison, Staff Neighbourhood Liaison to Downtown, occasionally people with lived experience, members of the Greater Victoria Placemaking Society, and more recently lived experience staff at the Greater Victoria Coalition to End Homelessness (GVCEH).

Declaration of Principles and Values for the 900 Pandora Block Working Group

As a working group we are committed to:

1. Recognizing the traditional territories of the Lekwungen speaking peoples.
2. Naming the challenges in a way that encourages creativity, caring and fairness.
3. Working in collaboration with those who share the block.
4. Learning together and learning from each other.
5. Building on success stories from other places.
6. Making Pandora a place for everyone.
7. Designing public spaces and programming in a way that creates belonging.
8. Creating and sustaining a long-term vision for the block.
9. Adequately resourcing the initiatives we develop.
10. Not giving up!

In March of 2019 an engagement of the community via workshops and a charette on the 900 block was undertaken in partnership with the City of Victoria and the GVCEH. As a result of this engagement, the GVEH compiled a report with recommendations, which was presented to Council in November, 2019.

In the short term, implementing recommendation #3 would mean the GVEH taking over the management and coordination of the Pandora Task Force. Through the Pandora Task Force, the GVCEH would act as the liaison between community and the City on any other matters involving the recommendations for the 900 block.

The GVCEH have proposed the following scope of work:

The GVCEH will be responsible for management, coordination and facilitation of the Pandora Task Force in partnership with Alison James, Head of Strategic Operations, Mayor's Office City of Victoria. The Pandora Task Force will proceed with community development and implementation of Collaborative Social Development Working Solution Plans (See Appendix E).

- The GVCEH will review linkages within various meetings convened in the community specific to the 900 block (and immediate vicinity) and identify the purposes of each group to determine where they may be brought together to create efficiencies and reduce duplication, including:

- o Mayor's Pandora Task Force

- o Pandora Residents Meeting: Convened by Our Place to meet with neighbouring residents as part of the Good Neighbourhood Agreement

- o Pandora/Johnson Street Meeting: convened quarterly by Island Health

- There are concurrent initiatives which may overlap in purpose. The GVCEH will support coordination to ensure communication and reduction of siloed work, in order to increase the impact of aligned resources. These include but are not limited to the City of Victoria Community Wellness Task Force, and the Vancouver Street Bikeway (and potential extension of the greenway/boulevard).

- The GVCEH will develop and maintain relationships with business owners/operators on and abutting the 900 block with the express purpose of including them in development of Working Solutions planning.

- The GVCEH communicate with the Capital Regional District Regional Outcomes Monitoring Collaborative to determine if efforts can be aligned and focused in the 900 block.

- The GVCEH will collaborate with Steve Woolrich, Principal at Rethink Urban & volunteer at Greater Victoria Placemaking Network

- The GVCEH will develop a 900 block Key Stakeholder Matrix/Map o Who is there? (i.e., Businesses, Residents [housed/unhoused], Peers, Service Providers/Accessors, Government)

- o Who resources what?

- o Determine roles, responsibilities, gaps and overlaps

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

Should Council wish to appoint the GVCEH and City of Victoria to carry out coordinated implementation of Pandora Task Force recommendations and report on results, a one-time budget allocation of \$50,000 is required, to be managed by the GVCEH. These funds would cover coordination of the Pandora Task Force, research, project management, and management of community action teams. The community action teams will oversee Pandora Task Force recommendations using a collective impact model. The Head of Strategic Operations for the Mayor's Office is a member of the Pandora Task Force and could serve as the co-coordinator of the Task Force on the City side.

PLACE-MAKING – ENGAGEMENT COSTS

Strategic Plan Objective #8: Strong, Livable Neighbourhoods			
Topic	Action	Comments	New Resources Required
Place-Making (SPCD)	Create a place making guide and tool kit and host workshops to support citizens and businesses to take action to create public play spaces, parklets, and gathering places within neighbourhoods and businesses to take action. (2019)	As part of the 2019 Financial Plan discussions, staff requested \$8,000 one-time funding and 0.5 FTE for implementation, which was moved for consideration in 2020. Since that time, staff have advanced this initiative and are no longer seeking additional FTE resources. The \$8,000 request is to cover costs for public engagement to complete this work in 2020.	\$8,000 (One-Time)

RECONCILIATION AND INDIGENOUS RELATIONS

Reconciliation Training

Strategic Plan Objective #2: Reconciliation and Indigenous Relations			
Topic	Action	Comments	New Resource Requirements
Reconciliation Training (HR)	Develop and implement an ongoing, mandatory training program for Council and all City staff, and to have the cognitive portion of the training for all City staff and the experiential portion of the training for those interested participants first (2019 – On-going to 2022)	Funding for 2019 training is being funded through a one-time allocation of \$76,350 from surplus. Additional funding required for 2020-2022 is as follows: 2020 - \$34,650 2021 - \$118,700 2022 - \$37,500 Budget includes launching experiential learning in 2020. Experiential learning launch will occur after the appointment of the Indigenous Relations Function and the Indigenous Elders in Residence so we may benefit from their advice.	\$34,650 (One-Time)

Truth and Reconciliation Dialogues

Strategic Plan Objective #2: Reconciliation and Indigenous Relations			
Topic	Action	Comments	New Resource Requirements
Truth and Reconciliation Dialogues (Council-Mayor's Office)	Create the Victoria Reconciliation Dialogues (2019)	Funding required to support the City Family and the Esquimalt and Songhees nations to engage community in the City's reconciliation initiatives to cover costs of outside venues, advertising, catering, honoraria, venues, etc.	\$80,000 (One-Time)

Indigenous Relations Function

Strategic Plan Objective #2: Reconciliation and Indigenous Relations			
Topic	Action	Comments	New Resource Requirements
Indigenous Relations Function Indigenous Elders in Residence (Council)	Establish an Indigenous Relations Function (2020) Appoint Indigenous Elders in Residence to provide advice on municipal programs, initiatives and operations (2020)	As approved on July 11, 2019: "That Council consult with the Esquimalt and Songhees Nations as per the direction in the Strategic Plan to get their ideas on what <u>these look</u> like and get that information back no later than October 2020" Once these discussions have taken place, resource requirements will be included in the Financial Plan discussions.	\$75,000

Strategic Plan Support Services

BACKGROUND:

- During the 2019 Financial Planning process, Council approved one time funding from 2018 surplus for legal and engagement resources to support the 2019 Strategic Plan Actions.
- Council also directed staff to bring forward resource requirements for legal and engagement services to be considered as part of the 2020 Financial Planning process to support new 2020 Actions.

ISSUE TO BE SOLVED:

- To address capacity challenges associated with new action items in the Strategic Plan.

BENEFITS:

- To provide sufficient support resources to line departments to meet the demands of the 2019-2020 Strategic Plan Action items.

2020 Supplemental Requests

One-Time:

- Resource Requirements for Engagement \$75,000



Swimming Dock at Banfield Park:

That Council directs staff to report back with implication of adding a bigger swimming dock at Banfield Park.

BACKGROUND:

Expanding the existing dock at Banfield Park has been considered twice in the past seven years, initially in 2013 and again in 2016, and on both occasions, Council chose not to proceed.

There are environmental concerns related to the presence of eelgrass in the area, which is a species that provides important marine habitat and supports biodiversity. A survey conducted prior to the existing dock's construction mapped the extent of the eelgrass bed and the structure was designed to avoid impacting the vegetation. Expansion of the dock may have negative impacts to any eelgrass within or immediately adjacent to the footprint of the structure as, like most plants, eelgrass requires solar access for photosynthesis.

Through a risk assessment, the City has previously asserted that expansion of the existing dock could intensify overlapping usage, with a significant increase in liability exposure for the City stemming from trauma or serious injury (i.e. diving accidents).

There appears to be community support for an expanded dock to accommodate additional recreational use of this park amenity, particularly during the warmer months.

FINANCIAL AND HUMAN RESOURCE IMPLICATIONS:

Staff recommend undertaking a preliminary study to determine the capital and operating costs, assess the potential environmental impacts, identify opportunities to incorporate environmental enhancements or mitigations, and examine other potential impacts of the proposed expansion. The proposed budget for this study is \$15,000, for consultant support.

The management of this project is anticipated to require 16 weeks of support from a Senior Park Planner and Manager of Park Design and Construction with input from staff from Public Works and Legal Services.

September 10, 2020

Susanne Thompson
Director of Finance
City of Victoria
#1 Centennial Square
Victoria, BC V8W 1P6

Re: 2021 Grant Funding Request

Dear Ms. Thompson,

The Victoria Heritage Foundation (VHF) respectfully submits our 2021 direct-award funding request as approved by our Board of Directors on August 25, 2020. VHF's 2021 request is the same as 2020 plus a **1.5%** (BC Stats for Victoria BC, July 2019-July 2020) cost of living increase. If approved, this increase of **\$3,402** would bring our annual funding from the City to **\$230,212**. This amount funds VHF grants to homeowners, education awareness projects and our operating costs. Construction costs for heritage conservation work have continued to increase significantly. Skilled trades shortages, building code and seismic requirements and hazardous material abatement contribute to rising costs.

Victoria has long recognized that heritage conservation is critical to maintaining its image as a vibrant city of distinctive neighbourhoods. The City of Victoria established the Victoria Heritage Foundation in 1983 to administer a financial grant program to support the conservation of Heritage-designated houses and encourage additional designations. The program has been successful for 37 years, with 89% of the City's 422 designated houses receiving at least one grant towards restoration, enhancement, and vital maintenance. Continued support for the grant program upholds the City's Official Community Plan policy commitment to enable and support heritage conservation through incentives.

Attached is the list of grants approved in March 2020, at which time, we allotted all available funds towards approved house grant applications. We currently have a waiting list for a possible September intake. VHF funded 50% of project costs to a maximum of \$25,000 although several projects exceed this maximum with the owners bearing the full cost. 2020 grant funding thus far has leveraged at least **\$217,242** in private investment. Grants were approved for houses in nine of Victoria's

neighbourhoods. VHF's incentives invest in community, small business and keep locals working.

VHF's 2019 Annual Report includes Financial Statements that document our yearly expenditures and budget allocations. The Annual Report is also available to view on our website.

In 2019, members and volunteers contributed over 2,100 volunteer hours towards the success of the Victoria Heritage Foundation. VHF undertakes educational projects including our comprehensive website, neighbourhood heritage walking tour brochures and the award-winning four-volume series *This Old House: Victoria's Heritage Neighbourhoods*, furthering knowledge and awareness of Victoria's built heritage. Our nine walking tour brochures are reprinted annually as required. VHF also assists the City's planning department with research for potential new designations when requested.

The Victoria Heritage Foundation is appreciative of the continued support from the City of Victoria. We would be pleased discuss this request at any time. Thank you for your consideration.

Respectfully,



Theresa McFarland,
Board President



Chris Hoggarth,
Treasurer



Brigitte Clark,
Executive Director

cc: Karen Hoese, Director, Sustainable Planning & Community Development
Andrea Hudson, Assistant Director, Sustainable Planning & Community Development
John O'Reilly, Senior Heritage Planner, VHF Board
Sarah Potts, Council Liaison, VHF Board

2020 VHF HOUSE GRANTS			
ADDRESS		PROJECT	GRANT
110	Medana	re-roof	\$12,500
27	Olympia	woodwork repairs east (back) wall	\$3,456
126	South Turner	gutters & downspouts	\$1,090
1209	Yukon	woodwork repairs	\$12,500
1310	Topaz	sleeping porch restoration	\$9,844
1421	Grant	paint west and south sides, MPDA	\$6,956
212	Raynor	window	\$1,374
1448	Pembroke St	12 new windows/repairs	\$6,486
1141	Fort St	window repairs, 11 storms	\$6,697
642	Battery St	part prep & paint, MPDA	\$3,989
953	Empress	8 basement storms	\$1,297
1320	Rockland	window repairs, storms	\$11,450
2131	Montrose	shingle siding, windows	\$12,500
1449	Elford	re-roof, storms	\$12,500
2645	Fernwood	19 storms including paint	\$5,919
242	Robert	woodwork repairs, paint west side, MPDA	\$6,925
155	Rendall	prep & paint, MPDA	\$13,231
252	Memorial	woodwork repairs	\$2,940
1140	Arthur Currie	window repair	\$3,938
1857-59	Fern	storms, door jamb	\$9,022
614	Seaforth	prep & paint main level, MPDA	\$9,402
1449	Pembroke	re-roof main	\$7,534
1260	Denman	chimney, prep & paint, MPDA	\$9,024
1270	Balmoral	front porch restoration, front seismic	\$9,918
435	Kipling	front door repair, 3 storms & install	\$1,249
25 GRANTS		@ 50% FUNDING	\$181,741

- Grants as of August 2020
- Second intake of applications September 2020 are not included



VICTORIA
HERITAGE
FOUNDATION

2019

ANNUAL
REPORT



circa 1880s



photo: BCAA-02793

1261-63 Richardson St
Oak Cottage, The Laurels, Green Gables

built: c.1874;
 moved 1889 from Rockland Av

for: Joseph MacKay or
 Robert & Mary Ward

Heritage-designated: 1990



VHF Grants

1994	prep & paint	\$4,796
2007	prep & paint, door repairs	\$4,227
2018	re-roof	\$10,000
2019	prep & paint	\$13,512



1977

photo: Hallmark Heritage Society Archives



1990

photo: Hallmark Heritage Society Archives



2019

photo: VHF House Grants files



2019

photo: VHF House Grants files



**2019 REPORT FROM
VICTORIA HERITAGE FOUNDATION PRESIDENT
Theresa McFarland**

The Victoria Heritage Foundation (VHF) has been responsible for administering the City of Victoria's residential grant program for heritage-designated houses since 1983. The economic incentives residents receive assist with the appropriate maintenance, repairs and rehabilitation of heritage homes. As a result, the City of Victoria is known for its charming and distinct heritage neighbourhoods and streetscapes.

In 2019, the VHF successfully increased the amount homeowners received for their grants, bringing the percentage up to 50%, and provided grants to 25 heritage conservation projects helping to preserve the City's heritage resources.

The Board would like to thank its council liaison, Councilor Sarah Potts, and Senior Heritage Planner, John O'Reilly, for their continued support.

The work of the House Grants and Education Committees are fundamental to the functioning, decision-making and administration of the VHF. These committees are only possible because of the generosity of the many volunteers who dedicate their valuable time, expertise and enthusiasm to the organization. On behalf of the Board, I would like to sincerely thank you for your contribution.

A handwritten signature in black ink, appearing to read "Theresa McFarland". The signature is stylized with a large initial "T" and a long horizontal stroke at the end.

A BRIEF HISTORY OF THE VICTORIA HERITAGE FOUNDATION

The Victoria Heritage Foundation (VHF) is a not-for-profit organization under the Societies Act that supports owners of Heritage Designated buildings in the City of Victoria which were originally intended as single-family houses.

In 1978 the City of Victoria began allotting direct grants to heritage homeowners, through a system of tax rebates. In 1982 it was learned that the Municipal Act did not allow for such grants to be given directly to private individuals. The City then became the first municipality in BC to establish an arms-length, not-for-profit society, to administer City grant funds for Heritage Designated buildings. The Victoria Heritage Foundation was established in May 1983 to act on the City's behalf, using annual funds provided by the City, to disperse grants to owners of Heritage Designated residences towards rehabilitation costs.

The original 1983 Purposes of the Society, which just mandated the conservation of Heritage Designated houses, were amended by City Council to read:

- a) To promote, at the discretion of the Foundation, the conservation of buildings originally intended as single family or duplex residences, including ancillary buildings, which are protected heritage properties, situated within the boundaries of the City of Victoria, in the Province of British Columbia; and.*
- b) To undertake projects as defined by the Board of Directors of an educational nature for the promotion of the conservation of built heritage.*
- c) To raise funds to fulfill the objectives of the society.*

VHF began by sharing a space in the Carr House with the Hallmark Society. The office was then moved briefly to space at the University of Victoria. In January 1987 the VHF office was located on the top floor of the St. Ann's Academy building until 1988 when rehabilitation initiatives at St. Ann's began. Since then VHF has operated from the home offices of the Executive Director.

HOUSE GRANTS PROGRAM

In 1983 the Victoria Heritage Foundation assumed responsibility for administering the City's funding program to promote the conservation of Victoria's built heritage through the House Grants Program, husbanded carefully by the House Grants Committee.

This was the first such funding program in the Province of British Columbia, and it is still the most comprehensive program for houses. VHF's House Grants Program allocates grants on a priority basis for: structural work such as foundations and seismic upgrading, roofs, chimneys, gutters and drainage systems, exterior rehabilitation including preparation and painting, woodwork, windows and doors. Outbuildings, fences, gates and masonry walls, and specific interior features may be eligible if they are also designated and funding is available.

Between 1978 and 1982, under the City's direct tax rebate system, the reimbursement was up to 100%, depending on the cost of the work. From 1983 to 1990, the ratio was 50% for the most part. The rate then declined steadily, due to the increase in new house designations and applications, with no corresponding increases in the City grant until 2000. This resulted in a considerable reduction over the years in the actual ratio of grant to cost.

Grants are a percentage of total project costs and can vary from year to year based on the number of applications, cost of projects and the grant VHF receives from the City. In 2019 the grants were set at 50% of a maximum annual project cost of \$25,000 and \$25,000 of grant funds per 10 years per house. In 41 years, VHF and the City of Victoria have contributed to 1,389 projects for the rehabilitation and maintenance of 375 Heritage Designated and Covenant houses.

EDUCATION PROGRAM

The Education Committee became active in 1985. In 1997, at the request of the Education Committee, the Board sought permission from the City to look at the building plans stored in the City Hall attic, in order to produce a more fully researched update of our 1991 "James Bay Neighbourhood Heritage Walking Tour" brochure. These plans had never been catalogued and were found to contain a wealth of valuable historical information. Cataloguing of the building plans started in January 2000 with a great number of volunteers. The plans were completed in 2006 and volunteers continued to catalogue plumbing, water or building permits.

In 1999 the VHF's Education Committee began updating of the City's *This Old House* book, first published in 1978, and reprinted in 1984 and 1991. The Committee began by cataloguing the residential building plans, with the help of a \$15,000 grant from BC Heritage Trust. Work on *This Old House* began in 1999 with a student grant from Heritage Canada Foundation. VHF's Education Committee members and volunteers began their concentrated efforts towards this book in 2000. By 2003, it was realized that the new book would require several volumes to cover the then-600 buildings on the City's Heritage Register in the residential neighbourhoods, including churches, schools, commercial, institutional and apartment buildings (this number has now climbed to over 717). The fourth and final volume of *This Old House* was published in late 2009. The series has received four awards for outstanding achievement in Heritage Advocacy. The Victoria Heritage Foundation has on ongoing goal to update all four volumes as they sell out and new designations are added to the Heritage Register.

In 2002, VHF agreed with the City of Victoria's Heritage Planner to undertake the research for the new Heritage Designation and Register requests to the City, as the work also needed to be done for the *This Old House* project. Two separate contracts from the City for doing Statements of Significance on 28 houses also ensued in later years.

The first "Neighbourhood Heritage Walking Tour" brochure was initiated in 1991. To date there are nine "Neighbourhood Heritage Walking Tour" brochures, covering sections of Fairfield, Fernwood, James Bay (2), North Park, Hillside-Quadra, Burnside, Vic West and Oaklands.

VHF's do-it-yourself brochures were named "Your Old House" at the suggestion of heritage consultant and founding VHF Board Member Don Luxton. The first four were written and produced in 2000 in collaboration with the Heritage Society of BC (now Heritage BC) and with funding from BC Heritage Trust (now Heritage Legacy Fund). The Vancouver Heritage Foundation joined as a later partner in the process.

A series of lectures began through collaboration with Historic Seattle in 1998. Originally the Craftsmen Bungalow Society of Victoria took the major initiative for this, but VHF picked it up after four years, and the Craftsmen Bungalow Society of Victoria, an unincorporated group of Arts & Crafts enthusiasts, donated their residual profits to the VHF Education Committee.

"Your Old House Rehabilitation Workshops" have been coordinated in various ways since 1990, and since 1996, VHF has partnered with the Saanich Heritage Foundation.

This history of the Victoria Heritage Foundation is based on a report written in 2009 by Jennifer Nell Barr, Executive Director of VHF from 1986-2008.

ORGANIZATION

Board of Directors

The VHF Board of Directors is comprised of up to 15 members including the City's Heritage Planner and a representative from City Council. The Board meets one evening per month at City Hall to oversee the work of its Committees and to administer its programs. Board members should be informed of the programs and projects of the Board, as well as those of its Committees and other complementary organizations. They promote the Victoria Heritage Foundation in the community, demonstrate leadership and look for opportunities, while maintaining a long-range outlook.

House Grants Committee

House Grants Committee members are appointed by the Board. The Committee consists of volunteer inspectors that include professionals, trades people, homeowners and other interested persons, who have house construction, rehabilitation or related experience. House Grant Committee members meet one evening a month to draft policies and review grants. They provide the essential function of House Grant Inspectors, guiding both the homeowner and the Board regarding appropriate rehabilitation work. Inspectors make site visits before, during and after project completion. From February to April, new grant applications are reviewed and the yearly list of accepted projects is established. Members perform on-site inspections to ensure the work is being done according to the approved application. Upon project completion, inspectors provide reports to the Committee, Executive Director and the Board. VHF has established clear guidelines and priorities for approving applications. The House Grants Committee annually reviews policy issues and the program's "Application Guidelines & Conditions", and "Rehabilitation Requirements".

Education Committee

Education Committee members are appointed by the Board. The Education Committee promotes the preservation and public awareness of built heritage in Victoria. Projects to date have included: the production of educational booklets entitled "Your Old House" for rehabilitation and maintenance of elements of old houses; the development of "Neighbourhood Heritage Walking Tour" brochures; the cataloguing the City of Victoria's house plans & permits, and historical research and architectural descriptions on properties requesting Heritage Designation or Registration. The Committee has also produced and updated the four volumes of *This Old House*, detailing properties in the residential neighbourhoods on Victoria's Heritage Register. The Education Committee has sponsored special events such as lectures by renowned experts and Your Old House Workshops.

Administration

The administration and day-to-day operations of VHF are carried out by the Executive Director. This is a part-time contract position. While the VHF's mailing address is at Victoria City Hall, the Executive Director operates from a home office.

Volunteers

Volunteers are the backbone of this organization. Board members, Committee members and other volunteers continue to donate many hours to the work of VHF. Some volunteers work on specific or ongoing projects, while others volunteer as needed for special events. Volunteers are not required to attend meetings, although they are occasionally invited to meet Committee members and report on their projects. New volunteers and ideas for promoting the work of the Victoria Heritage Foundation in the community are always welcome.

2019 BOARD & COMMITTEE MEMBERS, CITY OF VICTORIA LIAISON, STAFF & VOLUNTEERS

Board of Directors

Theresa McFarland, VHF President, BC Govt, provincial heritage registrar
 Andrew Rushforth, VHF Vice-President, House Grants Committee co-chair, structural engineer
 Kim Peters, VHF Treasurer, chartered professional accountant (resigned December 2019)
 Stephen Lyons, VHF Legal Advisor, lawyer
 Colin Gareau, VHF Director, realtor
 Maggie Graham-Bell, VHF Director, conservator consultant
 Ben Schweitzer, VHF Director & House Grants Committee co-chair, project manager
 Keith Thomas, VHF Director & Education Committee chair, researcher
 Jeff Sheldrake, VHF Director, BC Govt, executive director
 Pamela Madoff, VHF Director, heritage advocate, retired City Councilor
 Sarah Potts, VHF Director, Council liaison
 Merinda Conley, VHF Director, senior heritage planner (resigned June 2019)
 John O'Reilly, VHF Director, senior heritage planner

House Grants Committee

Christine Belzile, joiner RSE
 Graham Leavett-Brown, retired structural technician (resigned December 2019)
 Veronica McEllister, architectural technologist
 Davyd McMinn, carpenter/woodworker
 Sean Nowak, joiner/woodworker
 Lee Ottewell, licensed building inspector
 Andrew Rushforth, structural engineer
 Ben Schweitzer, project manager

Education Committee

Jennifer Barr, retired heritage consultant
 Jackie Krismer, retired teacher
 Audrey Prendergast, retired librarian
 Keith Thomas, researcher
 John Veillette, retired museum collections manager

VHF Contract Staff

Brigitte Clark, executive director

Other Volunteers

John Adams	Mark Aitken	Colin Barr
Ron Greene	Russell Fuller	Robert Hill
Donald Luxton	Dorothy Mindenhall	Heather Morgan
Margaret Narain	Susan Nickum	Sherri Robinson
Nick Russell	Sharon Russell	Stuart Stark
Janet Stevens	Leona Taylor	Drew Wavelyn
Greg Windwick	Jim Wolf	

2019 HOUSE GRANTS PROGRAM

Heritage buildings contribute to neighbourhood livability and quality of life. Heritage conservation provides environmental benefits - construction waste represents 20% of materials that go into landfills. In addition, well maintained heritage buildings give the City an economic boost from heritage tourism.

The Victoria Heritage Foundation's house grants help to offset the higher costs of rehabilitating and maintaining a heritage-designated property. VHF grants encourage homeowners to undertake appropriate rehabilitation of their property's character-defining elements. The grants help to ensure that the work is compatible with the character and era of the property and follows the *Standards and Guidelines for the Conservation of Historic Places in Canada*. These standards of heritage conservation aim to sustain heritage places for the long term, along with the many benefits they offer the community.

In recent years VHF has helped to fund many traditional exterior wood storm windows. Storms windows are sustainable retrofits that reduce carbon emissions and improve building performance while preserving the character-defining historic windows.

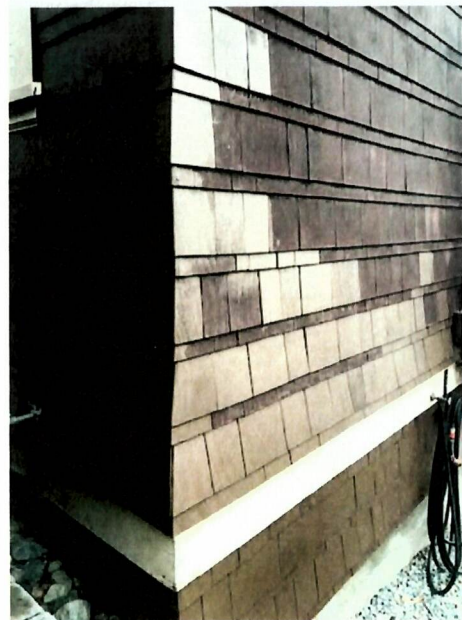
2019 was the second year in which VHF paint projects were inspected by the Master Painters and Decorators Association. This non-profit quality assurance company provided painters with detailed specifications for painting heritage houses and followed up with site visits and written reports before signing off on completed projects. The superior paint results are expected to last longer. Participating homeowners expressed appreciation for the professional oversight.

The grant percentage in 2019 was 50%. This was the funding percentage for many years after VHF was created in 1983. Since then grant percentages have decreased as demand outpaced the funding received from the City. It is hoped that the matching grants can be maintained in future years to assist with the significant increases in construction costs in recent years.

VHF and heritage homeowners are fortunate to benefit from the practical knowledge and commitment of our volunteer house grants inspectors. Their continued participation is valued and greatly appreciated.

The following page lists 2019 completed grants. A summary of statistics of the City of Victoria's funding assistance program for protected heritage houses over the past 41 years can be found on the last page of this report.

2019 HOUSE GRANTS



1231 Montrose Av
shingle siding repairs



602 Gorge Rd
structural seismic bracing

2019 HOUSE GRANTS

ADDRESS		PROJECT	GRANT \$
27	Olympia Av	5 windows & storms, woodwork repairs	\$12,500
1135	Catherine St	re-roof	\$12,500
1320	Rockland Av	58 storms	\$12,500
643-45	Niagara St	chimney, re-roof	\$9,342
2744	Avebury Av	repair 2 chimneys	\$4,410
135	Medana St	windows, storms	\$3,972
1964	Fairfield Rd	conservation report	\$1,500
1260	Denman St	re-roof	\$6,248
1052	Amphion St	prep + paint, original colours, MPDA	\$13,739
629	Niagara St	rebuild chimney	\$2,615
1444-48	Pembroke St	window repairs	\$1,322
1261-63	Richardson St	prep + paint, MPDA	\$13,512
1270	Balmoral Rd	restore front façade, engineer	\$12,933
1857-59	Fern St	window repairs	\$1,419
1231	Montrose Av	shingle repairs, original colour consult	\$4,455
1924-26	Belmont Av	prep + paint, MPDA inspection	\$13,635
1001	Terrace Av	window, door repairs	\$1,082
601	Trutch St	1 storm, shingles, stucco	\$2,542
43	Lewis St	7 storms	\$1,666
1490	Fairfield Rd	4 storms	\$1,079
2251	Lydia St	re-roof	\$5,775
865	Academy Close	stone wall repairs	\$1,916
2645	Fernwood Rd	2 sets new windows, 6 storms	\$9,778
602	Gorge Rd E	structural bracing & shoring	\$7,361
24 GRANTS		@ 50% FUNDING	\$157,801

- 28% of projects exceeded the VHF \$25,000 annual maximum project cost
- MPDA – Master Painters & Decorators Assoc.
- Grant amounts updated to June 2020

In 2019:

- 24 projects completed totaling \$157,801 in grants
- homeowners invested a minimum of \$407,628
- grants were 50% of project costs
- maximum eligible project cost was \$25,000
- average grant was \$6,575
- grants were approved in 9 neighbourhoods

2019 EDUCATION PROGRAM

The Victoria Heritage Foundation's Education Committee's mandate is, "to undertake projects of an educational nature for the promotion of the conservation of built heritage."

In 2019 VHF participated in community events that included the popular guided heritage walking tours of the Fernwood neighbourhood at their annual Fernfest. We always look forward to being part of Ross Bay Villa's BC Confederation Day event in their heritage garden.

This Old House

The last of the VHF's four volume award-winning *This Old House* series was completed in 2009. Since then, Volumes 1-3 have been updated several times as they sold out. Over 8,175 copies of *This Old House* have been sold to date.

In 2018 Volume Two - James Bay was updated and revised. The addition of archival images and descriptions of over 200 demolished buildings highlighted what the neighbourhood has lost over the years. This year work continued on updating and revising of Volume Three - Rockland, Burnside, Harris Green Hillside-Quadra, North Park & Oaklands. In 2019, dedicated volunteers spent over 1,650 hours working on *This Old House*.

Neighbourhood Heritage Walking Tour Brochures

In 2019 work was underway on VHF's tenth heritage walking tour brochure for the northern part of the Gonzales neighbourhood. Every year several thousand brochures are reprinted and distributed through Tourism Victoria's Visitor Centre, City Hall, the Central Branch of the Victoria Public Library and locations throughout the neighbourhoods. Online web map versions include photos of all the properties.

Website & GIS Map

The VHF website is often the first point of contact for those interested in Victoria's heritage. The website extends our reach well beyond the City of Victoria to those interested in historic architecture or social history. The text of VHF's *This Old House* volumes is accessible online through our award-winning GIS (Geographic Information System) map, combining locations with descriptions of the properties on the City of Victoria's Heritage Register.

Volunteers

In 2019 VHF members & volunteers contributed over **2,100 hours** towards the work of the Victoria Heritage Foundation.

Their commitment, time and expertise stretches our resources and promotes relationships that support heritage conservation. We are grateful for the continued support of our members and volunteers, without whom we could not have delivered our programs in 2019.

This Old House Volumes

1. Fernwood & Vic West (2013)
2. James Bay (2018)
3. Rockland, Burnside, Harris Green, Hillside-Quadra, North Park, Oaklands (2014)
4. Fairfield (2009)

Neighbourhood Heritage Walking Tours

1. James Bay № 1 - Emily Carr Walk
2. James Bay № 2 - Ogden Pt-Inner Harbour
3. Fernwood - Fernwood Village
4. Hillside-Quadra - Smith Hill
5. North Park - Central Park
6. Fairfield - Southwest Fairfield
7. Burnside - Burnside-Gorge
8. Vic West - Vic West-Gorge
9. Oaklands - Oaklands Rise
10. Gonzales - North Gonzales (2020)

Frequently Asked Questions Brochure

In 2019 VHF produced a FAQ brochure that was distributed to heritage homeowners, posted on the VHF website and displayed at events. An abbreviated version of the highlights is included here.

What's the difference between heritage-registered and heritage-designated?

Heritage properties within the City of Victoria are listed on an inventory called the Heritage Register. There are three main types:

Heritage-Designated

- property is legally protected through a bylaw
- designation is generally limited to the building exterior
- alterations to significant identified elements require approval through a Heritage Alteration Permit (HAP)

Heritage-Registered

- property is not legally protected, but recognized as having heritage value
- in the event of a redevelopment or demolition application, the City will make best efforts to encourage the owner to conserve the resource
- owner does not require a HAP, unless located within a Heritage Conservation Area

Heritage Conservation Area (HCA)

- property does not need to be heritage-registered or heritage-designated to be included
- in most cases, changes to a property in Heritage Conservation Areas require approval through a HAP

How does a property become designated?

- designation is almost always at the request of the homeowner
- the BC Local Government Act empowers municipal councils to designate properties through a bylaw registered on the title held with the provincial Land Titles Office

How does heritage conservation contribute to sustainable development?

- retention is the sustainable choice over demolition and replacement
- the greenest building is the one already built
- it takes at least 30 years before energy savings will be realized by building a new house rather than rehabilitating an old one

May I replace the original windows?

- traditional wood windows can be repaired and if maintained, have a lifespan of 200 years

- historic windows are often an important character defining element specifically identified in the property's SOS and in such cases, their replacement should be a last resort
- if replacement of any part of the window is deemed necessary, a Heritage Alteration Permit is required

What is the role of the Victoria Heritage Foundation?

- the Victoria Heritage Foundation (VHF) was established in 1983 as a City-funded, arm's-length not-for-profit society
- VHF administers the grant program for heritage-designated houses that were originally detached single-family or duplex

What type of projects can be funded by VHF?

Eligible projects may include, but are not limited to:

- structural work, foundation repair and seismic upgrading
- repair or restoration of original features including windows, doors, siding
- re-roofing
- exterior painting in historic colours
- masonry repointing and repair
- wood storm windows

Does VHF have a say in the paint colour if I get funding for a paint job?

- in general, both the colours and their placement are relevant to a funding decision
- funding for painting is contingent on the paint colours being appropriate to the design, age, style and locale of the building

What is the average percentage of funding provided by VHF?

- grants are a percentage of a maximum \$25,000 project cost per year
- VHF aims to fund up to 50% of the cost of rehabilitation

How often can I apply for a grant?

- homeowners can apply multiple years
- grants for any one house are generally limited to \$30,000 every 10 years

VICTORIA HERITAGE FOUNDATION

Financial Statements

For the year ended December 31, 2019

(Unaudited)

Anthony R. Lobmeier

Chartered Professional Accountant

REVIEW ENGAGEMENT REPORT

To The Board of Directors of Victoria Heritage Foundation

I have reviewed the accompanying financial statements of Victoria Heritage Foundation (the "Foundation") that comprises the statement of financial position as at December 31, 2019 and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which requires me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of Victoria Heritage Foundation as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Victoria, BC
June 8, 2020

Chartered Professional Accountant



VICTORIA HERITAGE FOUNDATION
STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

(Unaudited)

	2019	2018
ASSETS		
Current		
Cash (Note 2c)	\$ 146,720	\$ 139,390
Account receivable	972	1,900
GST receivable	1,513	2,937
Prepaid expenses	2,945	2,773
Inventory (Note 2d)	<u>1,773</u>	<u>3,495</u>
	<u>\$ 153,923</u>	<u>\$ 150,495</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 3,264	\$ 3,378
Grants payable	54,714	49,804
Deferred revenue (Note 3)	<u>-</u>	<u>298</u>
	57,978	53,480
NET ASSETS		
Net assets		
Unrestricted net assets	<u>95,945</u>	<u>97,015</u>
	<u>\$ 153,923</u>	<u>\$ 150,495</u>

On behalf of the board:

 Director
 Director

The accompanying notes are an integral part of
these financial statements

VICTORIA HERITAGE FOUNDATION

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended December 31, 2019

(Unaudited)

	2019	2018
Revenues		
Grant - City of Victoria	\$ 220,841	\$ 220,841
Publication revenue	1,860	5,144
Interest income	<u>1,317</u>	<u>983</u>
	224,018	226,968
Grants For Heritage House Restoration	<u>156,688</u>	<u>168,190</u>
	<u>67,330</u>	<u>58,778</u>
Expenditures		
Insurance	3,238	3,173
Memberships and dues	256	256
Office	2,753	2,704
Professional fees	2,921	2,921
Education Committee	810	495
Publication costs	1,740	4,375
Sub-contracts	56,169	54,882
Telephone	<u>513</u>	<u>503</u>
	<u>68,400</u>	<u>69,309</u>
Deficiency of revenues over expenditures	(1,070)	(10,531)
Unrestricted net assets, beginning of year	<u>97,015</u>	<u>107,546</u>
Unrestricted net assets, end of year	<u><u>\$ 95,945</u></u>	<u><u>\$ 97,015</u></u>

The accompanying notes are an integral part of
these financial statements

VICTORIA HERITAGE FOUNDATION

STATEMENT OF CASH FLOWS

For the year ended December 31, 2019

(Unaudited)

	2019	2018
Cash flows from operating activities		
Excess (deficiency) of revenues over expenditures	\$ (1,070)	\$ (10,531)
Changes in non-cash working capital		
Accounts receivable	928	(1,085)
Inventory	1,722	(1,760)
Prepaid expenses	(172)	(41)
Accounts payable and accrued liabilities	(114)	583
Grants payable	4,910	14,238
Due from government agencies	1424	(1,488)
Deferred revenue	<u>(298)</u>	<u>(544)</u>
Cash flows from operating activities	<u>7,330</u>	<u>(628)</u>
Net increase (decrease) in cash	7,330	(628)
Cash, beginning of year	<u>139,390</u>	<u>140,018</u>
Cash, end of year	<u>\$ 146,720</u>	<u>\$ 139,390</u>

**The accompanying notes are an integral part of
these financial statements**

VICTORIA HERITAGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019

(Unaudited)

1. Purpose of the organization

The Victoria Heritage Foundation ("the Foundation") was incorporated June 9, 1983 under the Society Act of British Columbia. The Foundation administers the City of Victoria's funding program for heritage houses. The purpose of the Foundation is to promote the conservation of buildings originally intended as single family or duplex residences, including ancillary buildings, which are protected heritage properties, situated within the boundaries of the City of Victoria, in the Province of British Columbia and to undertake projects of an educational nature for the promotion of the conservation of built heritage. The Foundation is a non-profit organization as described in paragraph 149(1)(l) of the Income Tax Act and therefore is not subject to either federal or provincial income taxes.

2. Significant Accounting Policies

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and include the following significant accounting policies:

a. Revenue Recognition

(i) Grants

The annual operating grant from the City of Victoria is recognized in revenue once the City advises the Foundation of the expected operating grant for the year.

Publication grants are recognized when the related publications are printed and available for distribution to the public.

(ii) Publications and services

Revenue is recognized at the time of shipment or when the service is rendered.

(iii) Interest income

Interest income derived from a cash savings account is recognized as received and from a redeemable guaranteed investment certificate accrued monthly.

b. Donated Services

The work of the Victoria Heritage Foundation is dependent on volunteer services. The value of donated services is not recognized in these statements.

c. Cash

Cash consists of bank deposits and short-term investments with maturity or redemption dates of less than 90 days. The short-term investment consists of a redeemable guaranteed investment certificate which is recorded at amortized cost, which approximates current market value.

d. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition and is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

e. Use of Estimates

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Actual results could differ from these estimates.

VICTORIA HERITAGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019

(Unaudited)

3. Deferred Revenue

Deferred revenue represents grants received from the City of Victoria that will be spent in a subsequent year. Deferred revenue is outlined as follows:

	2019	2018
Grant - City of Victoria - This Old House Volume 1	<u>-</u>	<u>298</u>

4. Economic Dependence

The Foundation is economically dependent on an operating grant from the City of Victoria representing 98.6% of total revenue (2018- 97.3%).

5. Financial Instruments

Under the standards for recognizing and measuring financial instruments, all financial assets are classified into one of the following four categories: held for trading, held to maturity, loans and receivables or available for sale. All financial liabilities are classified into one of the following two categories: held for trading or other financial liabilities.

The Foundation's financial assets and liabilities are classified and measured as follows:

Asset/ Liability	Category	Measurement
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivable	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Grants payable	Other financial liabilities	Amortized cost

Financial instruments measured at amortized cost are initially recognized at fair market value and then subsequently at amortized cost with gains and losses recognized in the statement of operations in the period in which the gain or loss occurs.

a. Fair Value of Financial Instruments

The fair value of a financial instrument is the estimated amount the Foundation would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair values of amounts receivable, accounts payable and accrued liabilities and grants payable approximate their carrying values due to their nature or capacity for prompt liquidation.

b. Risks and Concentrations

The Foundation is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Foundation's risk exposure at the balance sheet date.

VICTORIA HERITAGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019

(Unaudited)

5. Financial Instruments (continued)

b. Risks and concentrations (continued)

(i) Cash flow risk

The Foundation is exposed to cash flow risk resulting from the possibility that future cash flows associated with a monetary financial instrument will fluctuate in amount. The exposure to cash flow risk arises from its deposits with a major credit union which earns interest at market rates. The Foundation has no interest bearing liabilities.

(ii) Credit risk

Credit risk is the possibility that other parties may default on their financial obligations. At year end, the maximum exposure of the Foundation to credit risk in cash was \$146,720 (2018-\$139,390). This risk is minimized by ensuring that the Foundation's funds are held in major financial institutions.

(iii) Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to fund its obligations as they come due, including being able to liquidate assets in a timely manner at a reasonable price. The Foundation monitors forecasts of cash flows from operations and maintains its financial assets in the form of cash. Investment income is not a primary source of revenue. The Foundation has not entered into any derivative transactions.

(iv) Price risk

The Foundation is not exposed to significant price risks in the form of currency risk, interest rate risk or market risk as it has no material financial assets other than cash.

6. Remuneration

On November 28, 2016, the British Columbia Societies Act came into force. Included in the new Act is a requirement to disclose remuneration paid to all directors, the ten highest paid employees and all contractors who are paid at least \$75,000 annually.

During the year, the Foundation paid no remuneration to the Board of Directors, had no employees and had no contractors whose remuneration was in excess of \$75,000.

1978 - 2019 FUNDING FOR PROTECTED HERITAGE HOUSES

Year	No. of New Designated Houses	Total Designated Houses	City Funding \$	Administration & Education Costs \$	¹ Total House Grants Paid \$	Admin/Ed. & House Grants Spent \$	No. of House Grants	No. of 1 st -time House Grants	House Grant %	Minimum Paid by Designated Homeowners \$
1974	3	3								
1976	8	11								
1977	53	64								
<i>City of Victoria grant program for heritage-designated houses instituted 1978; funded by tax rebates</i>										
1978	11	75	48,866		48,866	48,866	19	18	100	
1979	7	82	55,470		55,470	55,470	27	25	100	
1980	7	89	81,198		81,198	81,198	36	17	100	
1981	3	92	92,591		92,591	92,591	30	7	100	
1982	2	94	35,942		35,942	35,942	12	6	100	
<i>Victoria Heritage Foundation created by Victoria City Council May 1983; City funds VHF through annual grant</i>										
1983	2	96	65,972	3,038	60,584	63,622	23	4	50	60,584
1984	10	106	73,081	20,833	41,849	62,682	21	8	50	41,849
1985	16	122	64,141	² 30,000	49,494	79,494	26	8	50-75	45,000
1986	16	138	62,404	7,000	49,273	56,273	22	4	50	49,273
1987	11	149	60,000	7,622	52,224	59,846	27	10	50	52,224
1988	8	157	77,000	7,559	68,190	75,749	24	7	50	68,190
1989	12	169	80,000	11,265	68,577	79,842	26	9	50	68,577
1990	8	177	80,000	10,380	74,751	85,131	29	15	50	74,751
1991	15	192	80,000	8,815	74,576	83,391	27	12	40	111,864
1992	6	198	80,000	9,748	65,897	75,645	27	10	30	153,760
1993	8	206	80,100	10,847	71,562	82,409	30	6	33	143,124
1994	6	212	80,100	8,634	74,483	83,117	24	9	45	91,035
1995	10	222	80,100	9,564	69,225	78,789	28	13	35	128,561
1996	9	231	80,100	10,823	73,449	84,272	31	7	35	136,405
1997	9	240	80,100	14,870	65,203	80,073	35	9	25	199,617
1998	5	245	80,100	14,592	62,491	77,083	33	8	25	204,303
1999	20	265	80,100	20,990	58,736	79,726	31	6	25	196,812
2000	16	281	105,000	34,607	70,309	104,916	34	9	25	281,236
2001	18	299	118,000	39,187	78,255	117,442	39	14	29	269,875
2002	14	313	125,000	56,831	71,311	128,142	38	16	25	285,244
2003	12	325	125,000	43,043	73,957	117,000	34	7	25	295,828
2004	9	334	128,775	38,546	74,777	113,323	37	7	20	373,885
2005	7	341	136,351	82,200	83,811	166,011	49	12	20	419,055
2006	6	347	151,059	50,164	91,397	141,561	45	13	25	365,588
2007	11	358	168,746	103,043	123,770	226,813	51	9	27	422,607
2008	11	369	175,809	65,484	114,344	179,828	52	12	23	497,148
2009	5	374	196,139	124,836	98,900	223,736	42	10	25	395,600
2010	8	382	194,452	63,149	85,603	148,752	36	7	25	342,412
2011	6	388	189,368	62,990	135,378	198,368	38	2	30	451,260
2012	8	396	189,368	69,077	157,341	226,418	50	7	30	524,470
2013	8	404	193,931	62,729	181,023	243,752	53	11	35	517,209
2014	6	410	191,734	63,399	172,243	235,642	48	7	35	505,456
2015	1	411	189,368	63,579	131,277	194,856	39	3	35	375,077
2016	7	418	205,000	65,905	143,599	209,504	36	9	34	422,350
2017	0	418	210,125	63,034	124,677	187,711	25	0	38	328,097
2018	2	420	220,841	69,309	166,404	235,713	31	1	40	416,010
2019	1	421	220,841	68,400	157,801	226,201	24	1	50	407,628
Totals	421	421	\$5,041,272	\$1,796,092	\$3,730,808	\$5,226,900	1,389	375		\$9,721,964

¹ House Grant figures differ from Financial Statements, which show House Grants approved for the year, minus cancellations.

circa 1880s



photo: BCAA-02793

1261-63 Richardson St
Oak Cottage, The Laurels, Green Gables

built: c.1874;
 moved 1889 from Rockland Av

for: Joseph MacKay or
 Robert & Mary Ward

Heritage-designated: 1990



VHF Grants

1994	prep & paint	\$4,796
2007	prep & paint, door repairs	\$4,227
2018	re-roof	\$10,000
2019	prep & paint	\$13,512



1977

photo: Hallmark Heritage Society Archives



1990

photo: Hallmark Heritage Society Archives



2019

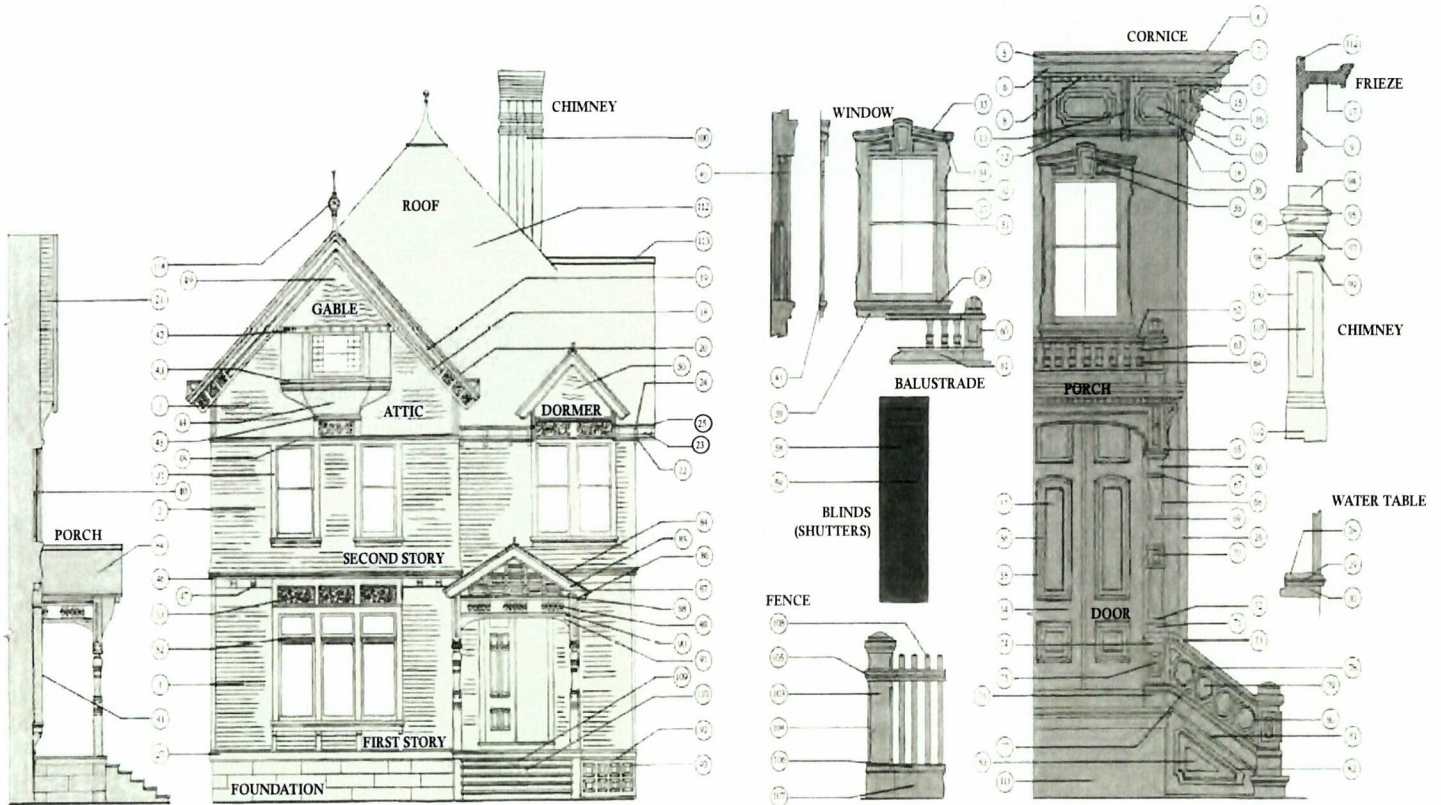
photo: VHF House Grants files



2019

photo: VHF House Grants files

ILLUSTRATED ARCHITECTURAL TERMS



for larger version, see VHF website

BODY

1. First story
2. Second story
3. Attic

CORNICE

4. Edge of crown mould
5. Crown
6. Fascia
7. Bed Mould
8. Dentils
9. Frieze
10. Panel Mould
11. Panel
12. Architrave
13. Sunk face of bracket
14. Raised face of bracket
15. Bracket panel
16. Bracket margin
17. Bed
18. Face rafter margin
19. Face rafter mould
20. Eaves mould
21. Soffit
22. Foot pieces
23. Gutter pieces
24. Gutter face
25. Gutter cap
26. CORNER BOARD

27. WATER TABLE

28. Slope
29. Edge
30. Face
31. WINDOW FRAME OR CASING
32. Face
33. Cap Filler
34. Cap mould
35. Cap panel
36. Keystone
37. Chamfer
38. Sill
39. Apron
40. Reveal
41. Edge
42. Cornice
43. Sill Mould
44. Cove
45. Base Mould
46. BELT COURSE
47. BEAM ENDS
48. MOULD UNDER ATTIC
49. GABLE OVER ATTIC WINDOW
50. DORMER GABLE

51. WINDOW SASH

52. WINDOW TRANSOM
53. CUT WORK
54. Stiles and Rails
55. Mould
56. Receding part of panel
57. Projecting part of panel
58. Slats
59. Frame
60. Balustrade post
61. Balustrade base
62. Balustrade rail
63. Receding part of baluster
64. Projecting part of baluster
65. Abacus
66. Capital
67. Neck mould
68. Chamfer
69. Shaft flutings
70. Rosette
71. Plinth
72. Plinth mould
73. Rail
74. Dado
75. Dado panel

DOOR

54. Stiles and Rails
55. Mould
56. Receding part of panel
57. Projecting part of panel
58. Slats
59. Frame
60. Balustrade post
61. Balustrade base
62. Balustrade rail
63. Receding part of baluster
64. Projecting part of baluster
65. Abacus
66. Capital
67. Neck mould
68. Chamfer
69. Shaft flutings
70. Rosette
71. Plinth
72. Plinth mould
73. Rail
74. Dado
75. Dado panel

BLINDS (SHUTTERS)

58. Slats
59. Frame
60. Balustrade post
61. Balustrade base
62. Balustrade rail
63. Receding part of baluster
64. Projecting part of baluster
65. Abacus
66. Capital
67. Neck mould
68. Chamfer
69. Shaft flutings
70. Rosette
71. Plinth
72. Plinth mould
73. Rail
74. Dado
75. Dado panel

PORCH

60. Balustrade post
61. Balustrade base
62. Balustrade rail
63. Receding part of baluster
64. Projecting part of baluster
65. Abacus
66. Capital
67. Neck mould
68. Chamfer
69. Shaft flutings
70. Rosette
71. Plinth
72. Plinth mould
73. Rail
74. Dado
75. Dado panel

76. Base

77. Base mould
78. Ornamental rail
79. Ornamental panel
80. Ornamental chamfer
81. Bead below steps
82. Panel mould below steps
83. Panel below steps
84. Roof
85. Face rafter
86. Gable rail
87. Gable panels
88. Plate
89. Cornice balusters
90. Cornice rail
91. Cornice curve
92. Rails below
93. Panels below
94. Top of cap
95. Crown mould (corbelling)
96. Fascia (corbelling)
97. Bed mould (corbelling)
98. Frieze of cap
99. Architrave

CHIMNEY

94. Top of cap
95. Crown mould (corbelling)
96. Fascia (corbelling)
97. Bed mould (corbelling)
98. Frieze of cap
99. Architrave

100. Shaft

101. Panels
102. Base
103. Post
104. Post chamfer
105. Upper rail
106. Lower rail
107. Base
108. Pickets
109. Tread mould
110. Riser
111. FOUNDATION
112. ROOF
113. Cresting
114. Finial

STEPS

109. Tread mould
110. Riser
111. FOUNDATION
112. ROOF
113. Cresting
114. Finial



Victoria
**CIVIC
HERITAGE
TRUST**

Mayor and Council
City of Victoria
1 Centennial Square
Victoria BC V8W 1P6

12 October 2020

**Victoria Civic Heritage Trust
2021 Capital and Operating Direct-Award Funding Requests**

Dear Mayor Helps and Council Members:

As requested by the department of Sustainable Planning and Community Development, the Victoria Civic Heritage Trust (VCHT) respectfully submits our **2021 Expenditure Budget**, approved by our Board of Directors on 5 October 2020. The 2021 Capital request is for **\$920,000.00**, the same amount as received in 2020. The 2021 Operating request is for **\$118,850.00**, the same as 2020 plus a 2% cost of living increase.

We appreciate that Council faces difficult budget decisions. This letter provides a summary of 2020 projects, a plan in 2021 to contribute to the pandemic economic recovery of downtown, multi-year projections for 2021 and 2022, direct-award requests, and background information. We look forward to making a presentation soon.

The VCHT Board of Directors is very pleased to continue to work with Councillors Jeremy Loveday and Charlayne Thornton-Joe, both of whom provide excellent advice and strong support for Victoria's heritage.

2020 REPORT TO DATE: High Demand and Owner Confidence

The VCHT Board is very grateful to Council for approving an increase in Capital funds to the Building Incentive Program (BIP) in 2020. This proved to be a prescient move and especially important in this most challenging year caused by the pandemic and its impact on downtown businesses. Demand for heritage incentive funds has never been higher, even during the pandemic lockdown and its aftermath. Owners of downtown heritage properties have expressed continued confidence to proceed despite uncertain times.

During the pandemic the Board and staff have felt an even greater urgency to keep the high demand for applications moving forward as quickly and smoothly as possible for the benefit of downtown and heritage property owners. 2020 has been an exceptionally busy year, seeing an increase in applications and funds awarded. Funding in 2020 for BIP and the Parapet Incentive Program (PIP - for seismic upgrading) represents a range of heritage projects in various locations in and around the downtown core – see attached project list.

Total funds expected to be awarded in 2020 is approximately **\$1,056,000.00**, which exceeds the 2020 Capital direct-award funding of **\$920,000.00** provided by the City of Victoria. By September 2020, **\$622,059.66** was already awarded through **twenty-two applications** processed under BIP and PIP, plus an estimated **\$434,000.00** in more BIP and PIP funding projected to be awarded by the end of 2020.

Of special note is work approved in early 2020 and completed during the pandemic on the three buildings comprising the Adelphi Block at the corner of Yates and Government Streets. Heritage conservation work was funded by BIP; voluntary seismic upgrading of parapets and wall-to-floor connections to improve life safety was funded by PIP. This project was an immediate success with high impact on a prominent corner, resulting in full occupancy of new rental residential units and ground level commercial spaces.

PLAN FOR 2021: Contribute to Pandemic Economic Recovery of Downtown

In previous presentations the VCHT has demonstrated how heritage incentive funding is directly related to economic development in the context of building a thriving and diverse local downtown business community, creating mixed types of downtown residential living, upgrading existing buildings for improved safety and sustainability, and enhancing the city's unique heritage character for local residents and visitors alike.

The plan for 2021 is twofold: 1) approve funds on heritage conservation projects to help downtown regain its vitality and recover economically from effects of the pandemic; 2) meet demand in order not to lose the opportunity to continue the important work of quality heritage conservation and voluntary seismic upgrading.

MULTI-YEAR PROJECTIONS: Capital funds for 2021 and 2022

We anticipate continued high demand in 2021 and 2022 based on enquiries to the VCHT and the City's Senior Heritage Planner. In 2021 the VCHT projects **\$1,749,062.50** in funding awards based on approximately twenty-one applications. In 2022 a further **\$1,548,500.00** is projected for approximately sixteen applications. Potential projects for 2021 and 2022 are listed on pages 2-3 of the attached 2021 Expenditure Budget. This list includes heritage buildings located in various neighbourhoods in the city.

The intent of presenting the multi-year projections is to submit the same direct-award Capital fund request of **\$920,000.00** in each of the next two years to meet demand and to maintain a workable balance in the BIP fund. Projected applications in 2021 would leave a BIP fund balance next year-end of \$578,564.24, which would be carried into 2022 toward the anticipated demand of approximately \$1,548,500.00.

2021 CAPITAL REQUEST

We respectfully submit our **2021 Capital** direct-award funding request of **\$920,000.00** for the purposes of BIP and PIP, and to assist with the City of Victoria's Heritage Tax Incentive Program. The direct-award funding request is the same amount as received in 2020.

2021 OPERATING REQUEST

We respectfully submit our **2021 Operating** direct-award funding request of **\$118,850.00**, which is the amount received in 2020 plus a 2% cost of living adjustment, as per 2020 and previous years. Note: with the amount requested, the VCHT will continue to operate on a deficit basis as it has for a number of years.

BACKGROUND

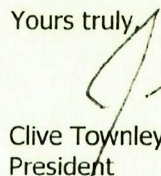
The VCHT was established by the City of Victoria in 1989 as a civic vehicle to administer Building Incentive Program funding, and subsequently to assist with the City's Tax Incentive Program, for the conservation and rehabilitation of downtown heritage buildings and to preserve Victoria's community heritage. Modeled on Civic Trusts in Britain that are financially supported by the local municipality, the VCHT is a nationally recognized organization that has produced impressive results for the City of Victoria that would not have been otherwise achieved without these programs. To date some of these accomplishments include:

- **\$165.59 million** in private investment in **157 eligible heritage buildings** through **\$7,322,156.46** in **335 Building Incentive Program** awards provided by City Capital funds;
- Average factor of **\$22.61 private investment** for every **\$1** in BIP funds awarded;
- **89 Heritage Designations** directly related to funding applications, resulting in significantly increased protection of heritage buildings and an improved downtown environment;
- Awards including: **Pinnacle Award** to City of Victoria/VCHT by the International Downtown Association for the Tax Incentive Program; **Gold CARE Award** to City of Victoria/VCHT by Canadian Home Builders' Association for the Tax Incentive Program; **Prince of Wales Prize** to City of Victoria for its heritage conservation programs; **Outstanding Achievement Award** from Heritage BC and **Communication Award** from Hallmark Society for **Test of Time**; **BCBIA "Best in the West" Award** for the Downtown Heritage Building Lighting Program; **Outstanding Achievement Award** from BC Heritage Trust for the Broad & Yates Street rehabilitation area.

The VCHT is very proud of our strong relationship with the City of Victoria and our long record of distinguished service on behalf of the City and its residents. We look forward to continuing to work with the City of Victoria to further its strategic goals through incentive programs administered by the VCHT which successfully deal with significant community issues on multiple levels using highly cost-effective resources.

On behalf the Board, I'd like to express again our gratitude to the City for its ongoing financial commitment to Victoria's exceptional heritage programs. It is because of Council's foresight and consistent support that the City of Victoria continues to be widely recognized as a leader in municipal heritage conservation in Canada.

Yours truly,


Clive Townley
President

attachments

Building Incentive Program

Des	#	Bldg	PROJECT	Type	No	DATE APPROVED	BIP FUNDS APPROVED	EST'D TOTAL PROJECT COST	EST'D HERITAGE COST
305			626 Blanshard Street Church of Our Lord	DAG	77	20-Jan-20	\$2,900.00	\$5,800.00	\$5,800.00
306			626 Blanshard Street Cridge Memorial Hall	DAG	78	20-Jan-20	\$950.00	\$1,900.00	\$1,900.00
311			578 Yates Street	BIP	208	26-Feb-20	\$21,913.05	\$750,000.00	\$43,826.10
312			1300-1304 Government Street Adelphi Building	BIP	209	26-Feb-20	\$78,020.78	\$0.00	\$156,041.55
313			1306 Government Street Palace Cigar Store Building	BIP	210	26-Feb-20	\$37,594.08	\$0.00	\$75,188.15
317			888 Government Street Customs House (1914)	DAG	79	16-Mar-20	\$3,000.00	\$6,000.00	\$6,000.00
318			1600-1602 Quadra Street First Baptist Church / The Palladian	BIP	211	11-May-20	\$53,662.00	\$107,324.00	\$107,324.00
320			888 Government Street Customs House (1914)	BIP	212	15-Jun-20	\$100,000.00	\$2,230,000.00	\$1,124,786.24
321	157		1009 Southgate Street Residential Flats Building	DAG	80	15-Jun-20	\$750.00	\$1,500.00	\$1,500.00
322			649 Gorge Rd E / 612 David St Centennial United Church	BIP	213	20-Jul-20	\$5,365.00	\$10,730.00	\$10,730.00
333			626 Blanshard Street Church of Our Lord-Church Building	BIP	214	20-Jul-20	\$79,275.00	\$158,550.00	\$158,550.00
334			1009 Southgate Street Residential Flats Building	BIP	215	20-Jul-20	\$30,550.00	\$61,100.00	\$61,100.00
335			550-552 Yates Street Oriental Hotel	DAG 2	81	20-Jul-20	\$2,600.00	\$5,200.00	\$5,200.00
2020 BIP Total: Year to Date							\$416,579.91	\$3,338,104.00	\$1,757,946.04
2020 DAG (5)							\$10,200.00		
2020 BIP (8)							\$406,379.91		
							<u>\$416,579.91</u>		

Parapet Incentive Program

Des	#	Bldg	PROJECT	Type	No	DATE APPROVED	PIP FUNDS APPROVED	EST'D TOTAL PROJECT COST	EST'D HERITAGE COST
	304		2110 Store Street National Electric Tramway & Light Co Powerhouse Building	PIP	6	20-Jan-20	\$64,875.00	\$86,500.00	\$86,500.00
87	307		539-541½ Fisgard Street Sheam Tip & Low Yan San Bldg #1	PIP-DAG	10	20-Jan-20	\$1,875.00	\$2,500.00	\$2,500.00
	308		543-545½ Fisgard Street Lee Mong Kow Bldg #2	PIP-DAG	11	20-Jan-20	\$2,175.00	\$2,900.00	\$2,900.00
88	309	156	16-20 Fan Tan Alley Bldg #3	PIP-DAG	12	20-Jan-20	\$1,687.50	\$2,250.00	\$2,250.00
	310		550-554 Johnson Street Strand Hotel	PIP-DAG Suppl	13	26-Feb-20	\$1,125.00	\$1,500.00	\$1,500.00
	314		578 Yates Street	PIP	7	26-Feb-20	\$16,995.00	\$22,660.00	\$22,660.00
	315		1300-1304 Government Street Adelphi Building	PIP	8	26-Feb-20	\$63,606.75	\$84,809.00	\$84,809.00
	316		1306 Government Street Palace Cigar Store Building	PIP	9	26-Feb-20	\$26,236.50	\$34,982.00	\$34,982.00
	319		1300-1304 Government Street Adelphi Building	PIP 2	10	11-May-20	\$26,904.00	\$35,872.00	\$35,872.00
2020 PIP Total: Year to Date							\$205,479.75	\$273,973.00	\$273,973.00
							PIP-DAG (4)	\$6,862.50	
							PIP (5)	\$198,617.25	
								<u>\$205,479.75</u>	

TOTAL BIP + PIP: Year to Date**\$622,059.66****\$3,612,077.00****\$2,031,919.04**

2021 EXPENDITURE BUDGET
VICTORIA CIVIC HERITAGE TRUST

Approved by VCHT Board
5 October 2020

EXPENDITURES				REVENUE	
BUDGET ITEM	EXPENDITURE BUDGET			CITY OF VICTORIA	
	Priority / Explanatory Notes	APPROVED 2020 BUDGET	APPROVED 2021 BUDGET	OPERATING FUNDS 2% COL Increase	CAPITAL FUNDS
TOTAL BREAKDOWN		1,590,785.00	1,040,200.00	118,850.00	920,000.00
CORE OPERATIONS					
Board Management Contract (50%)	Contract	55,900.00	47,465.00	47,465.00	
ACC Management Contract (50%)	Contract	37,165.00	47,460.00	47,460.00	
Office & Equipment Rent	Contract	11,900.00	12,140.00	12,140.00	
Office Expenses	Contract	4,500.00	4,500.00	4,500.00	
Telephone / Internet	Core	840.00	840.00	840.00	
Computer / Communications / MS Teams	Core	1,200.00	1,560.00	1,560.00	
Catering & Meeting Costs	Core	4,000.00	2,000.00	2,000.00	
Insurance	Core	2,100.00	2,325.00	2,325.00	
Audit Fees	Core	5,900.00	5,600.00		
Bank Charges	Core	30.00	60.00	60.00	
Reserve for Projects / Covid-19 Expenses	Core	6,000.00	10,000.00		
Travel	Core	500.00	0.00		
Miscellaneous Costs	Core	500.00	500.00		
INTERPRETATION PROJECTS					
Interpretation Committee	2	0.00	0.00		
Heritage Directory Website	2	500.00	500.00	500.00	
Subtotal for Core Operations		131,035.00	134,950.00	118,850.00	
MANAGEMENT REVENUE / EXPENSES					
Interest Earned	Core	-20,000.00	-25,000.00		
5% GST Cost Estimated	Core	7,500.00	8,500.00		
50% GST Rebate Estimated	Core	-3,750.00	-4,250.00		
OTHER PROJECTS					
Special Projects/Events/as approved by Board	2	1,000.00	1,000.00		
Cost Consultant Study/as approved by Board	2	5,000.00	5,000.00		
Total Core Operations + Mgmt + Projects		120,785.00	120,200.00		
CAPITAL INCENTIVE PROGRAMS					
Projected BIP Project Balance 31 Dec 2020	1,297,626.74				
2021 City Capital Contribution for BIP	920,000.00				
2020 Seismic Upgrade Fund Contribution*	150,000.00				
*Still to be received as of 30 Sept 2020					
2021 Potential BIP Project Applications page 2	-1,749,062.50				
2021 Program Expenses See below	-40,000.00				
Projected BIP Balance 31 Dec 2021	578,564.24				
BUILDING INCENTIVE PROGRAM					
2021 Building Incentive Program Funds	Core	960,000.00	665,000.00		880,000.00
BIP Brochure / Banners	Core	4,000.00	4,000.00		4,000.00
2021 Seismic Upgrade Fund Contribution*		150,000.00			
*Still to be received as of 30 Sept 2020					
2021 Seismic PIP Budget = \$360,000	Core				
PIP & PIP-DAG Applications	Core	320,000.00	215,000.00		
Program Management / Expenses	Core	16,000.00	16,000.00		16,000.00
Seismic/Downtrn Promotion/Communications	Core	8,047.94	8,047.94		
Donation for Seismic/DT Promotion/Comm		-8,047.94	-8,047.94		
TAX INCENTIVE PROGRAM	Core	16,000.00	16,000.00		16,000.00
BIP/TIP Promotion / Communications	Core	4,000.00	4,000.00		4,000.00
TOTAL Capital Incentive Programs		1,470,000.00	920,000.00		920,000.00
GRAND TOTALS		1,590,785.00	1,040,200.00	118,850.00	920,000.00
CITY DIRECT-AWARD REQUEST				1,038,850.00	

BIP CASH PROJECTION: 2021

page 2

BIP PROJECTED BALANCE 30 Sept 2020	1,732,031.34	
1308-1312 Douglas St Lange Block / Victoria House	-3,000.00	DAG
612 1/2 Fisgard St Shon Yee Benevolent Assoc	-4,500.00	PIP-DAG
612 1/2 Fisgard St Shon Yee Benevolent Assoc	-3,000.00	DAG
614 Fisgard Street Lee's Benevolent Assoc	-4,500.00	PIP-DAG
614 Fisgard Street Lee's Benevolent Assoc	-3,000.00	DAG
823-825 Broughton St Mellor Building	-5,000.00	BIP
649 Gorge Rd Centennial United Church	-20,000.00	BIP
543-545 1/2 Fisgard Street Building #2	-85,404.60	BIP
16-18 1/2 Fisgard Street Building #3	-100,000.00	BIP
2621 Douglas Street Times Colonist Building	-103,000.00	BIP+TIP
727 Yates Street	-103,000.00	BIP+TIP?
Sept-Dec 2020 Projects Subtotal	-434,404.60	

CoV Capital Request 2008-2020	\$420,000.00
CoV Capital Request 2020	
BIP	\$1,000,000.00
SUF (PIP)	\$150,000.00
	\$1,150,000.00

CoV Capital Funds 2020 Actual Received	
BIP	\$420,000.00
Additional	\$500,000.00
	\$920,000.00

PROJECTED BIP BALANCE 31 Dec 2020 **1,297,626.74** carry to page 1

2021 PROJECTED BIP PROJECTS

1308-1312 Douglas St Lange Block / Victoria House	-78,000.00	DAG+BIP
550 Yates Street Oriental Hotel	-100,000.00	BIP
560 Yates Street FR Stewart & Company	-25,000.00	BIP
1114 Blanshard Street Montrose Building	-103,000.00	BIP
1114 Blanshard Street Montrose Building	-104,500.00	PIP
550-554 Johnson St Strand Hotel	-100,000.00	PIP
159 Cook St Hampton Court	-3,000.00	DAG
159 Cook St Hampton Court	-81,562.50	BIP
Fisgard Street Buildings #1, #2, #3	-300,000.00	PIP
Fisgard Street Building #1	-100,000.00	BIP
554-562 Fisgard St CCBA Building	-75,000.00	BIP
923 Burdett St Mt St Angela	-50,000.00	BIP
612 1/2 Fisgard St Shon Yee Benevolent Assoc	-30,000.00	BIP
612 1/2 Fisgard St Shon Yee Benevolent Assoc	-30,000.00	PIP
614 Fisgard Street Lee's Benevolent Assoc	-30,000.00	BIP
614 Fisgard Street Lee's Benevolent Assoc	-30,000.00	PIP
1244-1252 Wharf St Yates Block	-103,000.00	BIP+TIP
1400 Vancouver / 952 Johnson St McCall's Chapel	-103,000.00	BIP+TIP
710 Fort St Ritz Hotel	-103,000.00	BIP+TIP
Unknown Applicants	-200,000.00	BIP
2021 Projects Subtotal	-1,749,062.50	carry to page 1

Other Projects in 2021 - Pending TIP Eligibility

1314-1324 Douglas/645-651 Johnson St Morgan Blk	TIP?
1314-1324 Douglas/645-651 Johnson St Morgan Blk	TIP?
1314-1322 Broad St Duck Block	TIP?
1058 Pandora Ave Wellburns	TIP?
2659 Douglas St Scott Building	TIP?
1314 Wharf St Caire & Gracini Whs/Northern Junk	TIP?
1316-18 Wharf St Fraser Whs/Northern Junk	TIP?

2022 POTENTIAL BIP PROJECTS

251-253 Esquimalt Rd Roundhouse	-103,000.00	BIP+TIP?
251-253 Esquimalt Rd Car Shop	-103,000.00	BIP+TIP?
251-253 Esquimalt Rd Stores Building	-103,000.00	BIP+TIP?
251-253 Esquimalt Rd Backshop Building	-103,000.00	BIP+TIP?
251-253 Esquimalt Rd Turntable	-103,000.00	BIP+TIP?
1829-1831 Fern St Victoria Friends Meeting House	-5,000.00	BIP
1618-1628 Govt / 565 Fisgard St Lee Block	-103,000.00	BIP+TIP

continued
143

546 Pandora Ave	Macdonald Building	-103,000.00	BIP
546 Pandora Ave	Macdonald Building	-104,500.00	PIP or TIP
3 Fan Tan Alley	Lim Ging Building	-103,000.00	BIP
3 Fan Tan Alley	Lim Ging Building	-104,500.00	PIP or TIP
1713 Government St	Yen Wo Society Building	-103,000.00	BIP
1713 Government St	Yen Wo Society Building	-104,500.00	PIP
1316-28 Government / 589 Johnson St		-103,000.00	BIP+TIP
Unknown Applicants		-200,000.00	
2022 Projects Subtotal		-1,548,500.00	

page 3

August 18, 2020

FAO Mayor and Council
City of Victoria
Legislative Services, 1 Centennial Square
Victoria, BC V8W 1P6

Dear Mayor Helps, Councillor Marianne Alto, Councillor Sharmarke Dubow, Councillor Ben Isitt, Councillor Jeremy Loveday, Councillor Sarah Potts, Councillor Charlayne Thornton-Joe, and Councillor Geoff Young,

We appreciate the time and interest you gave to SIPP's presentation to Mayor and Council on July 2nd, 2020. Following on from the presentation, we wish to present the request for a five-year funding agreement as per the updated funding model below. Last week, SIPP's Municipal Partners Committee unanimously agreed on this new formula for a five-year term to give the organization stability and allow it to continue to lead the important economic recovery initiatives launched through the Rising Economy Taskforce. This Taskforce is a group of 120+ stakeholders representing a diversity of sectors, all dedicated to collaboratively building back our economy stronger, more resilient and more inclusive than it was before.

The next invoices will be sent on April 1, 2021 for the 2021-2022 fiscal year. A revised summary of funding from City of Victoria to date, as well as the percentage of municipal contributions to the total budget, can be found below:

South Island Prosperity Partnership Revised Funding Model					CPI Increase				
					2.50%	2.50%	2.50%	2.50%	2.50%
					YR1	YR2	YR3	YR4	YR5
					CURRENT	PROPOSED			
					2016 Census + 2018 Tax Blend	Percentage contribution	\$ Based on Percentage	2022	2023
					Amount			2.5% increase year over year (2019 CPI%)	2024
									2025
Municipality									
1 Saanich	\$	199,600	28.88%	\$	179,562	\$	179,562	\$	184,051
2 Victoria	\$	243,397	35.22%	\$	218,962	\$	218,962	\$	224,436
3 Oak Bay	\$	48,936	7.08%	\$	44,024	\$	44,024	\$	45,124
4 Esquimalt	\$	38,170	5.52%	\$	34,338	\$	34,338	\$	35,197
5 Colwood	\$	36,968	5.35%	\$	33,257	\$	33,257	\$	34,088
6 C Saanich	\$	28,383	4.11%	\$	25,534	\$	25,534	\$	26,172
7 Sooke	\$	18,524	2.68%	\$	16,664	\$	16,664	\$	17,081
8 Sidney	\$	29,045	4.20%	\$	26,129	\$	26,129	\$	26,782
9 N Saanich	\$	20,073	2.90%	\$	18,058	\$	18,058	\$	18,509
10 View Royal	\$	23,071	3.34%	\$	20,755	\$	20,755	\$	21,274
11 Highlands	\$	4,913	0.71%	\$	4,419	\$	4,419	\$	4,530
Total	\$	691,081	100.00%	\$	621,701	\$	621,701	\$	637,244
								\$	653,175
								\$	669,504
								\$	686,242

Upon SIPP's inception in 2016, members developed a funding model based on their principles of equity, fairness, collaboration, accountability and affordability. The model is a combination of population and taxation levels for each municipality using population data from the 2011 census and the 2014 tax year. To update the model, as was agreed upon in 2016, SIPP is now presenting figures that use the 2016 census data and the 2018 tax year to reflect changes that have occurred throughout the metropolitan region.

In light of this year's fiscal constraints on municipal governments caused by the pandemic, SIPP proposes that the updated five-year model use the current funding level for 2021-2022 as a baseline (using the updated data to inform a slightly adjusted amount that reflects population and taxation trends in the region).

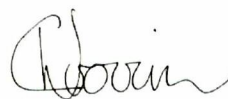
This new baseline would then increase slightly over the five-year duration of the renewed agreement based on a standard inflation increase. This approach puts less financial pressure on SIPP's municipal government members while allowing SIPP to plan for the future.

We thank you for the opportunity to present to your Council to make this funding request, and for your ongoing support. We are proud of the work we've undertaken together and look forward to building on the unprecedented level of collaboration that exists in the South Island – a shift that is not only garnering attention in B.C. but in Canada and the Pacific North West region.

Respectfully yours,



Emilie de Rosenroll
Chief Executive Officer
South Island Prosperity Partnership
901-747 Fort Street, Victoria, V8W 3E9



Craig Norris
Chair of the Board
South Island Prosperity Partnership

Appendix F - Positions Deferred to 2021

	FTE	Ongoing	Full Amount to be Included in 2021 Budget?
Climate and Environment			
Building Energy and Emissions Specialist	1	108,000	Yes
<u>Heritage</u>			
Heritage Position	0.5	50,000	Yes
<u>Managing Growth and New Development</u>			
Secretary - Legislative Services	1	80,500	Yes
Development Services Position	1	142,500	Yes
<u>Equity, Diversity and Inclusion</u>			
Equity, Diversity and Inclusion Community Liaison	1	107,900	Yes
Social Planner	1	125,111	Yes
Accessibility and Inclusion Recreation Role	1	52,000	Yes
<u>Sustainability Mobility Strategy</u>			
Transportation Position	1	142,600	Yes
Total	7.5	\$ 808,611	

<p style="text-align: center;">Department of Finance Policies and Procedures</p>	
Financial Sustainability Policy	
Authorized by: Council	Date of issue: January 20, 2009
	Date of amendment: October 1, 2015

Purpose

The purpose of the Financial Sustainability Policy is to guide the City's financial planning to meet financial obligations while providing high quality services.

Primary Objective

The policies shall be designed and structured to develop principles that guide, support and respect the direction of the community so that tax payers can look forward to stable, equitable and affordable property taxation.

Policies

1. Growth in Property Tax Base

The City is surrounded by other municipalities and has no ability to expand. However, re-development is occurring that brings in new property tax revenue. This new revenue must be estimated using the best available data. The City recognizes that any new developments or re-developments increase demand on existing infrastructure and may result in the need to expand that existing infrastructure.

Policy 1.0

Conservative estimates of non-market change assessment revenue will be included in the budget based on information provided by BC Assessment, the Planning and Development Department and the Finance Department.

Policy 1.1

To balance infrastructure upgrade needs with ongoing operating funding requirements, the first \$500,000 of assessment growth (non-market change) property tax revenue will be transferred to infrastructure reserves and the remaining balance allocated as determined by Council.

2. Property Tax Increase

Rising costs of existing services at existing service levels must be recognized. One-time revenues or non-renewable reserves should not be used to fund on-going operating expenses.

Policy 2.0

Each budget cycle, Council will consider the property tax increase required by first covering the projected cost increase for existing services at existing service levels and then considering other enhancements. (Also see Policy 3.)

3. New Services and Major Enhancements to Existing Services

The property tax increase established under Policy 2 allows the City to provide the same level of service to the existing tax base. It is not designed to provide for new services or major enhancements to existing services.

Policy 3.0

New services or enhancements to existing services will be funded by one or a combination of the following:

1. A reduction in the cost of existing services. This may include a reallocation of resources from one area to another.
2. An increase in non-tax revenues.
3. A further increase in property taxes.

4. Efficiencies, Demand Management and Service Level Changes

As a sound business practice, departments strive to find and explore efficiencies throughout the City's operations. The City does not have the resources to meet all of the demands that are made. Demand must be managed to make sure that expectations reflect our fiscal realities and the need to contain expenditures. Areas where service level changes may be possible must be identified and brought forward for Council's consideration.

Policy 4.0

Business Plans will identify demand management strategies and will include options for service level changes and alternative service delivery models.

5. Alternative Revenues and External Funding

To diversify its revenue base, the City continually looks for new revenue sources that are consistent with the City's Five-year Financial Plan and 20-year Capital Plan.

Policy 5.0

All departments will make every effort to access external funding from non-City sources including other levels of government. All departments will endeavour to develop partnerships, strategic alliances and shared project funding to assist in the reduction of expenditure to the City. Any additional funding can be used to reduce property tax increases, increase service levels and/or provide new services.

Policy 5.1

Grants should be sought for known infrastructure needs or identified priorities in the City's Strategic Plan even if they are not included in the financial plan due to limited funding or pending Council decision.

6. Infrastructure Maintenance and Replacement

Much of the City's infrastructure is at or nearing the end of its life. The City has an inventory and performs condition assessments of its assets on an ongoing basis. This allows the City to develop and update plans to keep the infrastructure in a proper state of repair to avoid costly failures.

Policy 6.0

The City will establish and maintain an inventory of its infrastructure. A maintenance/replacement plan will be developed utilizing best practices, to keep existing infrastructure in an acceptable condition. This program will be included in the Five-year Financial Plan and the 20-year Capital Plan.

Policy 6.1

The City will depreciate its infrastructure over the useful life of the assets and a sustainable funding strategy will be developed.

Policy 6.2

Each year, Council will consider a property tax increase dedicated to increasing capital infrastructure investment.

7. Self Financed Programs

The City has several self financed programs: Water Utility, Sewer Utility, Stormwater Utility and Solid Waste and Recycling Utility. The costs for self financed programs should be fully funded by user fees. The Water and Sewer Utilities have established reserves. Any surplus or deficit is transferred at the end of each year to or from each reserve.

Policy 7.0

The City's self financed programs are to be fully funded by user fees including corporate overhead, equipment replacement, debt financing, transfers to reserves and capital expenditures.

Policy 7.1

To ensure that programs remain self funded, user fees for each will be adjusted annually to offset any changes in costs.

8. Debt Management

The maximum amount that the City can borrow from external sources is set by the Community Charter. Debt should only be incurred for one-time capital expenditures and not for on-going programs. Borrowing for one-time capital expenditures allows the cost of the project to be spread out over the useful life of the asset. This results in the costs being paid by future beneficiaries as well as current taxpayers.

Policy 8.0

Debt from external sources should only be incurred for one-time capital projects. These projects should be identified as debt-funded projects in the Five-year Financial Plan and 20-year Capital Plan. A separate report, including a business case, to Council is required seeking approval for proceeding with the borrowing process.

Policy 8.1

Every attempt should be made to keep the debt servicing charges at the current budget level of 7% of the property tax levy by adding new debt only in the years when other debt issues are retired. This will minimize the impact on property taxes as a result of new debt.

Policy 8.2

Debt for Self-financed entities (Water Utility, Sewer Utility, Stormwater Utility, Solid Waste and Recycling Utility and Parking Services) can be incurred if supported through a business case, without consideration of Policy 8.1 which only applies to projects that impact on property taxes.

Policy 8.3

As an alternative to external borrowing, funds in the City's Debt Reduction Reserve can be borrowed with a maximum repayment term of 15 years at an interest rate equal to the lost investment interest

9. Fees and Charges

Fees and charges are a significant portion of the City's revenues. They will be reviewed on a regular basis to avoid major changes and to provide users with adequate notice of those changes. Any review will include an analysis of the City's costs in providing the service as well as a comparison to other municipalities.

Policy 9.0

Fees and charges will be reviewed annually and adjusted where appropriate. Departments should consider a minimum increase equal to inflation (CPI.) The users will be provided with no less than 2 months notice of those changes. Fee bylaws should, when appropriate, include an annual increase equivalent to the Consumer Price Index for Victoria.

10. Surplus

Surplus represents non-renewable savings and should not be used for operating purposes or for on-going capital programs.

The Financial Stability Reserves (Operating Fund, Police Department, Water Utility, Sewer Utility, and Stormwater Utility) were established to ensure ongoing financial stability and fiscal health of all City Entities. They are funded from the year-end surplus in each respective fund.

Policy 10.0

Surplus will only be considered as a funding source for one-time expenditures. Any surplus not used for one-time expenditures will be transferred to infrastructure reserves, financial stability reserves and/or debt reduction reserves. (Also see Policy 11.)

11. Reserve Funds

The City has a number of reserve funds established for various purposes. The City strives to develop appropriate reserves to meet future financial obligations with respect to City equipment and infrastructure, fiscal needs and employee benefit obligation.

Policy 11.0

Each reserve fund is governed by the City's Reserve Fund Policy that outlines the purpose, the types of expenditures permitted and the desired levels of each reserve.

12. Capital Projects and Programs

Capital projects and programs are funded from a variety of sources including a capital property tax levy, grants and reserves. Once the project or program is completed, its on-going maintenance costs need to be included in the operating budget and future upgrade and/or replacement costs need to be included in the capital plan. These on-going and future costs must be clearly understood before a capital project is approved.

Policy 12.0

Each capital project or program submitted for consideration must clearly state the full initial cost as well as future costs, including operating and upgrade/replacement costs. In addition, the source of sustainable funding for such costs has to be demonstrated.

13. Re-budgeted Capital Projects and Programs

Every year, some capital projects and programs are not completed in the year they were budgeted for. In such instances, a request to re-budget the portion of the project or program that is yet to be completed is submitted to Finance.

Policy 13.0

Requests to re-budget capital projects underway are granted. However, other capital items may be scaled back or deferred to accommodate the re-budget request.

Policy 13.1

Requests to re-budget capital projects that have not been started are not granted. These projects will be considered and prioritized along with all other capital items being put forward.

Policy 13.2

Requests to re-budget capital programs are not normally granted. However, should such a request be granted, next year's program will be scaled back to accommodate the re-budget request.

14. Large Scale Capital Projects

Some capital projects are very large in scale and have various phases.

Policy 14.0

Large scale capital projects will be budgeted in at least two phases. Phase one is for planning and design. Phase two and any subsequent phases are for implementation/build.

**Department of Finance
Policies and Procedures**

Revenue and Tax

Authorized by: Council

Date of issue: February 16, 2009

Date of revision: January 29, 2015

Purpose

The purpose of the Revenue and Tax Policy is to outline the proportions of revenue sources, the distribution of property taxes among property classes and the use of permissive property tax exemptions.

Objectives

- To provide tax payers with stable, equitable and affordable property taxation while at the same time providing high quality services.
- To support the OCP and other City plans as well as complement the Regional Context Statement.

Policies

1. Revenue Proportions by Funding Sources

Property taxes are the main source of revenue for the City and pay for services such as police and fire protection, bylaw enforcement, and infrastructure maintenance. Property taxes provide a stable and consistent source of revenue for services that are difficult or undesirable to fund on a user pay basis. Therefore, property taxes will continue to be the City's major source of revenue.

However, it is the City's desire to charge user fees where feasible. Some programs, such as recreation, are partially funded by user fees. The City also has several self-financed programs that are fully funded by user fees. These include Water Utility, Sewer Utility, Stormwater Utility, and Garbage Utility.

Policy 1.0

User pay funding will be used for such services that are practical and desirable to fund on a user pay basis.

Services that are undesirable or impractical to fund on a user pay basis will be funded by property taxes.

Policy 1.1

The City will continue to explore alternative revenue sources to diversity its revenue base.

2. Distribution of Property Taxes Among Property Classes

Market value changes that result in uneven assessment changes between property classes result in a tax burden shift to the class experiencing greater market value increases unless tax ratios are modified to mitigate the shift.

Until 2007, it was Council's practice to modify tax ratios to avoid such shifts. This equalization practice provided an effective tax increase that was equal for all classes. It is important to be aware that this practice only avoids shifts *between* property classes. There is still a potential for shifts *within* a property class where one property has experienced a market value change that is greater than the average for that class.

However, starting in 2007, business and industrial tax ratios have been held constant in recognition of the larger tax burden that has been placed on those classes. This resulted in higher tax increases being passed on to the residential class compared to business and industrial.

The pressure continues across the country to reduce the tax burden on the business and industrial classes. In recognition of this, and the desire to support a healthy business environment, Council's goal is to have a business class tax burden that is equitable.

In 2012, a comprehensive review of the Revenue and Tax Policy was conducted to determine if Council's objective of reducing the tax burden on the business class was appropriate and if so, that the mechanism of achieving the objective (reduction of tax ratio) was the most effective mechanism to achieve the goal. The review concluded that additional relief for the business tax class was warranted. However, the tax ratio was not the best mechanism of achieving that goal. As a result, Council approved the following policy objective: *To reduce the business property tax class share of the total property tax levy to 48% over three years (2012-2014). The redistribution excludes impact of new assessment revenue. The total redistribution of the tax levy was \$1.51 million.*

In 2015, an update review was completed and based on the findings, policy 2.0 was amended to maintain the current share of taxes among tax classes.

Policy 2.0

Maintain the current share of distribution of property taxes among property classes, excluding the impact of new assessment revenue, by allocating tax increases equally. Business and industrial classes will be grouped as outlined in Policy 2.1.

Policy 2.1

Tax rates for the light and major industrial tax classes will be equal to the business tax rate to support the City's desire to retain industrial businesses.

Policy 2.2

Farm Tax Rates will be set at a rate so taxes paid by properties achieving farm status will be comparable to what the property would have paid if it were assessed as residential.

3. Use of Permissive Property Tax Exemptions

The City continues to support local non-profit organizations through permissive tax exemptions. Each year, a list of these exemptions is included in the City's Annual Report.

In addition, the City offers a Tax Incentive Program to eligible owners of downtown heritage designated buildings to offset seismic upgrading costs for the purposes of residential conversion of existing upper storeys. The exemptions are for a period up to ten years.

The City encourages redevelopment of lands within the City and the use of environmentally sustainable energy systems for those developments through revitalization property tax exemptions.

Policy 3.0

Permissive property tax exemptions are governed by the City's Permissive Property Tax Exemption Policy, which outlines the criteria for which property tax exemptions may be granted.

Policy 3.1

Heritage property tax exemptions are governed by the City's Heritage Tax Incentive Program.

Policy 3.2

Revitalization property tax exemptions are governed by the City's Revitalization Tax Exemption (Green Power Facilities) bylaw.

***Department of Finance
Policies and Procedures***

Reserve Funds

Authorized by: City Council

Date of issue: September 30, 2004

Revised: May 2018

Purpose

The purpose of the Reserve Fund Policy is to provide guidance with respect to the development, maintenance, and use of City Reserve Funds.

Guiding Principles

All Reserves Funds must be established, maintained and used for a specified purpose mandated by this policy, statute, or City by-law.

Annual operating surpluses are to be transferred to the Equipment and Infrastructure Reserve or the appropriate Financial Stability Reserve in each fund and used in accordance with the priorities outlined in this policy.

The City shall strive to develop appropriate reserves to meet future financial obligations with respect to City equipment and infrastructure, fiscal needs and employee benefit obligations.

Primary Objectives

Reserves shall be established and expended to:

1. Ensure Stable & Predictable Levies

The City recognizes that unstable and unpredictable tax levies can adversely affect residents and businesses in Victoria. In order to maintain stable and predictable levies, the City will maintain sufficient reserves to buffer the impact of unusual or unplanned cost increases and revenue reductions over multiple budget cycles.

2. Provide for Operating Emergencies

The City is exposed to unusual operating emergencies resulting from inclement weather, catastrophic events, law enforcement issues, environmental hazards and so on. It may not be feasible, or cost-effective, to absorb the costs of such emergencies during one budget cycle. The City will maintain adequate reserves to avoid such emergencies, extensive service interruptions, and prevent risks to infrastructure and public safety.

3. Finance New Capital Assets

Use of Reserves for financing new capital assets is an effective means of matching one-time funds to one-time capital projects. In addition, the City requires financial resources to quickly respond to opportunities that could provide capital infrastructure through private sector partnerships, and other alternative service delivery methods.

4. Safeguard and Maximize Existing Assets

The City has an inventory of specialized machinery, equipment and technology systems necessary for the efficient delivery of services to the public, which needs to be replaced on well-defined lifecycle standards. The City also has a need to provide insurance against unforeseen losses of these and other assets and claims against its assets where it is found legally liable.

General Criteria

Reserves shall be established, maintained and used in accordance with the following General Criteria.

1. Least Cost to Taxpayers

Reserves should support the least cost alternative in the long-term for delivering standards of service adopted by Council. This means they will be used to:

- Buffer the effects of large cost increases and revenue reductions and allow time to adjust City service costs or revenue generation to avoid unnecessary tax increases, and
- Provide internal capital financing which is more cost-effective than external borrowing or leasing.

2. Fairness & Equity to Taxpayers

Reserves should serve to balance the impact of the operating costs and capital costs, on both current and future taxpayers by:

- Applying Reserves derived from one-time revenue sources to one-time capital or operating projects.
- Applying Reserve Funds and current revenues in a ratio, which recognizes the appropriate sharing of savings from current taxpayers with contributions from future taxpayers (this will likely require repayment of all, or a portion of, Reserves from future rates or user fees).

3. Meets Statutory and Legal Requirements

Reserves must meet the requirements of the Community Charter, Federal statutes, City By-Laws or any other contract or judgment enforceable by law.

4. Meets Accounting Standards

Reserves must meet generally accepted accounting principles (GAAP) and accounting standards applicable to local governments (PSAB).

Policy Administration

The Director of Finance shall be responsible to:

- Ensure the Reserve Funds are established and maintained in compliance with this Policy.
- Conduct an annual review of the Reserve Funds and report the results to City Council.
- On an "as required basis", recommend revisions or amendments to this Policy, due to changes in applicable statutes, accounting standards, or economy.

Administrative Criteria

1. Unique Corporate Purpose

Reserves must have a unique and specific corporate purpose. Every effort must be made to:

- Reduce complexity by combining amounts with similar purposes
- Eliminating those with redundant or outdated purposes, and
- Re-focus departmental reserves to corporate purposes and strategic plans.

2. Interest and Calculation Method

All Reserves Funds will earn interest each year. Interest will be calculated based on the audited fund balance at the end of the prior year. The interest rate used will be the determined on an annual basis.

3. Minimum and Maximum Balances

A minimum and maximum balance shall be established for each Reserve Fund. A minimum balance will ensure that each fund is not depleted to the degree that it is no longer able to serve its intended purpose. A maximum balance ensures that it does not grow beyond its intended purpose.

4. Repayment Period

If funding is borrowed from a reserve, a time period shall be specified for the repayment or replenishment to its specified minimum or maximum balance.

5. Business Case Requirements

A business case shall be provided specifying the purpose, benefits and method of repayment for each proposed Departmental use of a reserve fund, except as provided by statute, City by-law or Council policy. A business case will be subject to the applicable budget, ranking or other prioritization process, and Council approval.

City of Victoria Reserve Funds are established under the authority of the Community Charter and are each supported by a bylaw that outlines the purpose and use of each fund.

A description of each of the different types of Reserve Funds covered by this policy is outlined below:

Financial Stability Reserves

Description

Financial Stability Reserves are required to ensure the ongoing financial stability and fiscal health, of all City Entities. Each reserve is funded from the year-end surplus from the appropriate entity (i.e. Operating Fund, Police Department). For the Water, Sewer and Stormwater Utilities, 50% of each utility's surplus are to be applied to the respective financial stability reserve until they reach target balances and the remainder to the respective equipment and infrastructure reserve.

- **Debt Reduction** – This reserve was established to provide a source of funds to finance internal borrowings, local improvements and paying down the City's outstanding debt. It is currently being funded from the City's share of surpluses identified in MFA Sinking Funds and payment holidays on debt issues.
- **Reserve for Insurance Claims** – This reserve was established to provide a source of funds for liability claims not covered under our Insurance Policies.

Guidelines for Using Funds

A Council Resolution or an Adopted Financial Plan Bylaw is required for all appropriations from the Financial Stability Reserve Funds.

All appropriations from Financial Stability Reserves are to be considered in accordance with the following priorities.

1. Operating and Environmental Emergencies

- These appropriations are the highest priority and are based on public safety and demand nature of the expenditure.

2. Revenue Stabilization and Operating Contingency

- These appropriations are intended to stabilize the impacts of cyclical revenue downturns and operating cost increases that are largely temporary and not within the City's ability to adjust in the short-term.

3. Innovation Fund

- As an incentive to encourage creativity and innovation, appropriations may be made to fund departments and/or workgroups that would like to explore innovative and creative solutions directed towards making the Corporation more efficient and effective.
- Business cases requesting use of these funds require that the replenishment methods be specified. These would include future departmental cost or service level adjustments or additional revenue generation necessary to "top up" the accounts over a three-year period.

Equipment and Infrastructure

Description

Equipment and Infrastructure Reserves are established to create a funding source for buildings and infrastructure capital projects, new equipment purchases and capital equipment replacement programs. Currently, the city has established equipment and infrastructure reserve funds for the following purposes:

- **Police Vehicles, Equipment and Infrastructure** – This reserve is to fund the replacement and purchase of Police vehicles and equipment. This reserve is funded by annual budget contributions included in the Police operating budget.
- **Police Emergency Response Team Vehicles and Equipment** - This reserve is to fund the replacement and purchase of equipment for the Regional Emergency Response Team. The reserve is funded by the annual surplus from the ERT Program.
- **Victoria Conference Centre Equipment and Infrastructure** – This reserve was established to provide a source of funds to properly maintain the Conference Centre building and furnishings. This reserve is also used to fund equipment replacements and new equipment purchases. The reserve is funded by the annual surplus from the Conference Centre.
- **City Equipment** - This reserve is to fund the replacement and purchase of City equipment. This includes equipment replacement programs, computer equipment and software, office furniture, etc. This reserve is funded by annual budget contributions included in the City operating budget.
- **City Vehicles and Heavy Equipment** – This reserve is to fund the purchase and replacement of City vehicles and heavy equipment. This reserve is funded by annual budget contributions included in the City operating budget.
- **City Buildings and Infrastructure** – This reserve was established to provide a source of funds to properly maintain City Buildings and Infrastructure. This reserve is funded by annual budget contributions that are increasing by \$500,000 per year until the reserve attains an adequate funding level. This increase is subject to annual Council approval.
- **Parking Services Equipment and Infrastructure** – This reserve was established to provide a source of funds to properly maintain the City parkades. The reserve is also used to fund Parking Services equipment replacement and new equipment purchases. This reserve is funded from annual budget contributions included in the City's operating budget.
- **Multipurpose Equipment and Infrastructure** – This reserve was established to provide funding for equipment replacement and maintaining the Multipurpose Facility. This reserve is funded by annual budget contributions from the City's operating budget and RG Properties.
- **Recreation Facilities Equipment and Infrastructure** – This reserve was established to provide a source of funds to properly maintain City Recreation Facilities. The reserve is also used to fund equipment replacement and new equipment purchases for City Recreation Facilities. This reserve is funded from user fees assessed on tickets to events and facility rentals.
- **Archives Equipment** – This reserve is to fund the purchase and replacement of Archives material and equipment. The funding for this reserve comes from grants and donations.
- **Artificial Turf Field** - This reserve was established to provide a source of funds for replacement of the Finlayson field carpet and amenities and for future development of artificial turf fields. This reserve is funded from the fees collected from the rental of the Finlayson field.

- **Gas Tax** - The Governments of Canada, British Columbia and the UBCM entered into the Gas Tax Agreement on September 19, 2005. The Agreement is focused on achieving three environmental sustainability outcomes: reduced greenhouse gas emissions, cleaner water and cleaner air. The Community Works Fund provides annual contributions into this reserve.
- **Water Utility Equipment and Infrastructure** - This reserve was established to provide a source of funds to properly maintain the Water Utility Infrastructure. The reserve is also used to fund Water Utility equipment replacement and new equipment purchases. The reserve is funded by annual budget contributions from the Water Utility and 50% of the Water Utility's surplus until the target balance has been met within the Water Utility Financial Stability Reserve. Once the target balance is achieved, 100% of the surplus will be allocated to the Water Utility Equipment and Infrastructure Reserve.
- **Sewer Utility Equipment and Infrastructure** - This reserve was established to provide a source of funds to properly maintain the Sewer Utility Infrastructure. The reserve is also used to fund Sewer Utility equipment replacement and new equipment purchases. The reserve is funded by annual budget contributions from the Sewer Utility and 50% of the Sewer Utility's surplus until the target balance has been met within the Sewer Utility Financial Stability Reserve. Once the target balance is achieved, 100% of the surplus will be allocated to the Sewer Utility Equipment and Infrastructure Reserve.
- **Stormwater Utility Equipment and Infrastructure** - This reserve was established to provide a source of funds to properly maintain the Stormwater Utility Infrastructure. The reserve is also used to fund Stormwater Utility equipment replacement and new equipment purchases. The reserve is by annual budget contributions from the Stormwater Utility and 50% of the Stormwater Utility's surplus until the target balance has been met within the Stormwater Utility Financial Stability Reserve. Once the target balance is achieved, 100% of the surplus will be allocated to the Stormwater Utility Equipment and Infrastructure Reserve.

Guidelines for Using Funds

Use of equipment and infrastructure reserves is restricted to the following types of purchases:

- Major construction, acquisition, or renovation activities as defined in the Capital Asset Policy that add value to the municipal physical assets or significantly increase their useful life. Some examples include:
 - Renovation and construction projects pertaining to new or existing city buildings,
 - Renewal, replacement, enhancement or construction of city infrastructure, sewers, storm drains, water distribution systems, buildings, roads, sidewalks, traffic systems, parks, etc.
- Vehicles and heavy equipment, individual pieces of equipment and ongoing annual equipment replacement programs as defined in the Capital Asset Policy.

Note: *A Council resolution or an adopted Financial Plan Bylaw is required for all appropriations from the Reserve Funds. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

Employee Benefit Obligations

Description

Reserves for employee benefit obligations will be established where the City is incurring a retirement benefit liability or other employee related liability, which the City is obligated to pay at some future date. Current reserves established include:

- **Police Retirement Benefits** – This reserve is to fund retirement benefits (one months pay and vested sick leave) accrued to retiring Police officers. This reserve is funded by annual contributions included in the Police operating budget.
- **Police Employee Pension Buybacks** – Police employees are entitled to purchase additional pension service time related to their probation period, provided they were not covered by pension. The City is obligated to pay 50% of the cost once the employee retires or reaches 55 years of age. This reserve was established to fund the City's share of costs for employees purchasing pension service for probation periods. This reserve is funded by annual contributions included in the Police operating budget.
- **Police Pension Corporation Over Contributions** – This reserve was established to accumulate the City's share of Police pension over contributions. These amounts are payable to the employee upon retirement. This reserve is funded from pension contributions refunded to the City by the BC Pension Corporation.
- **City Retirement Benefits** - This reserve has been established to help fund retirement benefits (one months pay and vested sick leave) accrued to retiring City Employees. This reserve is funded by annual contributions included in the City's operating budget.
- **City Employee Pension Buybacks** - City employees are entitled to purchase additional pension service time related to their probation period provided they were not covered by pension. The City is obligated to pay 50% of the cost once the employee retires or reaches 55 years of age. This reserve was established to fund the City's share of costs for employees purchasing pension service for probation periods. This reserve is funded by annual contributions included in the City's operating budget.
- **City Pension Corporation Over Contributions** - This reserve was established to accumulate the City's share of Firefighter pension over contributions. These amounts are payable to the employee upon retirement. This reserve is funded from pension contributions refunded to the City by the BC Pension Corporation.

Guidelines for Using Funds

Use of funds is restricted to the purpose for which each fund was established. Funds may only be accessed to supplement funding a retirement payout.

Note: *A Council resolution or an adopted Financial Plan Bylaw is required for all appropriations from these Reserve Funds. Further, a Council resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

Development Cost Charges

Description

This reserve is required by the Community Charter to account for the proceeds from development cost charges levied against new developments. The reserve is funded from the proceeds of development cost charges levied.

Guidelines for Using Funds

Use of these funds is governed by the Development Cost Charge Bylaw and restricted to the funding approved projects as allowed by that bylaw.

Note: *An adopted Financial Plan Bylaw is required for all appropriations from this Reserve Fund. Further, an amendment to the Development Cost Charge Bylaw is required to create additional reserve fund categories, delete categories or shift funds between categories.*

Tax Sale Lands

Description

The Tax Sale Lands Reserve was established to account for proceeds from any sales of City land and buildings. This reserve is funded from all sales of City land and buildings.

Guidelines for Using Funds

These funds are available for building and land purchases and improvements, and capital expenditures required for preparing City properties to sell (i.e. remediation, servicing, etc.)

Note: *A Council resolution or an adopted Financial Plan Bylaw is required for all appropriations from this Reserve Fund. Further, a Council resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

Parks and Greenways Acquisition

Description

This reserve was established to provide a source of funds for purchasing Park Lands. It is currently funded from 10% of the proceeds of any City land sale.

Guidelines for Using Funds

These funds are available for purchasing park lands or lands to be developed into a park.

Note: *A Council Resolution or an adopted Financial Plan Bylaw is required for all appropriations from this Reserve Fund. Further, a Council resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

Local Amenities

Description

This reserve tracks and accounts for monies received from a developer, for public amenities related to specific developments (i.e. pathways, parks, docks, etc.). This reserve is funded from contributions by developers.

Guidelines for Using Funds

Use of these funds is restricted to the purpose for which each contribution was based on.

Note: A Council resolution or an adopted Financial Plan Bylaw is required for all appropriations from this Reserve Fund. Further, a Council resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.

Victoria Housing

Description

This reserve has been established to provide a source of funds to help fund housing projects including projects that fall under the Secondary Suite Incentive Program. The reserve is funded by annual contributions included in the City's Operating Budget.

Guidelines for Using Funds

Use of these funds is restricted to the funding of housing projects including those that fall under the Secondary Suite Incentive Program.

Note: A Council resolution or an adopted Financial Plan Bylaw is required for all appropriations from this Reserve Fund. Further, a Council resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.

Dockside Affordable Housing

Description

This is a reserve that has been established to provide a source of funds to help fund affordable housing projects in Dockside. The Dockside Master Development Agreement outlines certain requirements around affordable housing that the developer has to meet. There is an option to provide cash instead of the affordable housing requirements. Those funds would be put into this reserve. In addition, the reserve is funded by 20% of the building permit fees applicable to the Dockside development.

Guidelines for Using Funds

Use of these funds is restricted to the funding of affordable housing projects in Dockside.

Note: A Council resolution or an adopted Financial Plan Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.

Climate Action

Description

This reserve has been established to provide a source of funds for funding climate mitigation and adaptation strategies that target energy and GHG reductions associated with facilities or transportation of either City-owned assets or community public lands and services. This reserve is funded by the Climate Action Revenue Incentive Program (CARIP) grants.

Guidelines for Using Funds

Use of these funds is restricted to the funding of climate change initiatives.

Note: A Council resolution or an adopted Financial Plan Bylaw is required for all appropriations from this Reserve Fund. Further, a Council resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.

Art in Public Places

Description

This reserve has been established to provide a source of funds for art in public spaces and expand opportunities for artists and members of the public to participate in the process. The Arts in Public Places policy outlines the funding formula for this reserve.

Guidelines for Using Funds

Use of these funds is restricted to the funding of art in public places initiatives.

Note: A Council resolution or an adopted Financial Plan Bylaw is required for all appropriations from this Reserve Fund. Further, a Council resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.

Downtown Core Area Public Realm Improvements

Description

This reserve has been established to assist in funding improvements that tangibly and visibly improve the physical condition, appearance and function of the public realm within the Downtown Core Area and provide a public benefit to the overall surrounding area.

This reserve is funded by monetary contributions provided to the City of Victoria as part of the Density Bonus System described in the *Downtown Core Area Plan*. The *Downtown Core Area Plan* outlines the funding formula for this reserve.

Guidelines for Using Funds

Use of these funds is restricted to the funding of public realm improvements that support the objectives and policies of the *Downtown Core Area Plan*.

Note: A Council resolution or an adopted Financial Plan Bylaw is required for all appropriations from this Reserve Fund. Further, a Council resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.

Park Fixture Dedication Program

Description

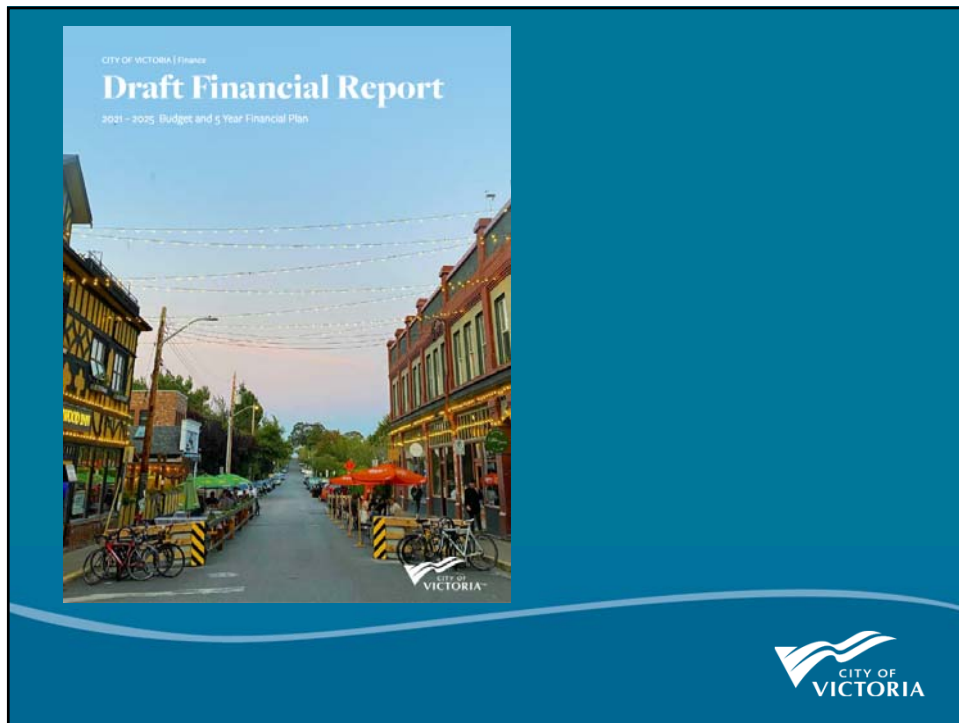
This reserve has been established to assist in funding the maintenance costs of the capital assets acquired through the Park Fixture Dedication Program.

This reserve is funded by monetary contributions provided to the City of Victoria as part of the total cost of the dedication. The maintenance contingency is a percentage of the amenity capital cost.

Guidelines for Using Funds

Use of these funds is restricted to funding the maintenance of the dedicated park fixture over the estimated useful life.

Note: *A Council resolution or an adopted Financial Plan Bylaw is required for all appropriations from this Reserve Fund. Further, a Council resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

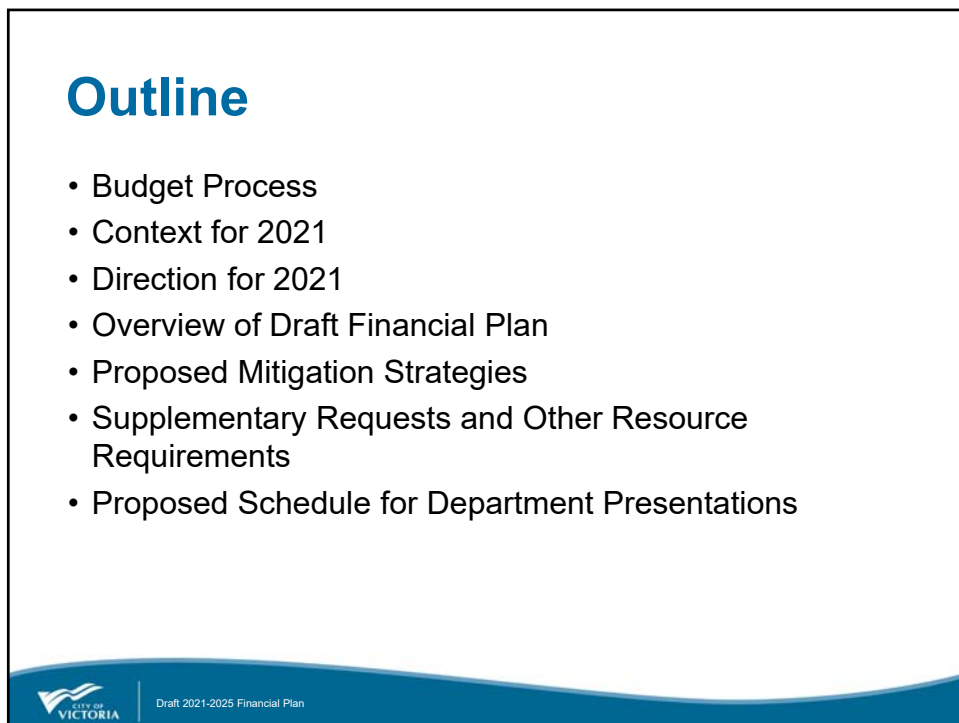


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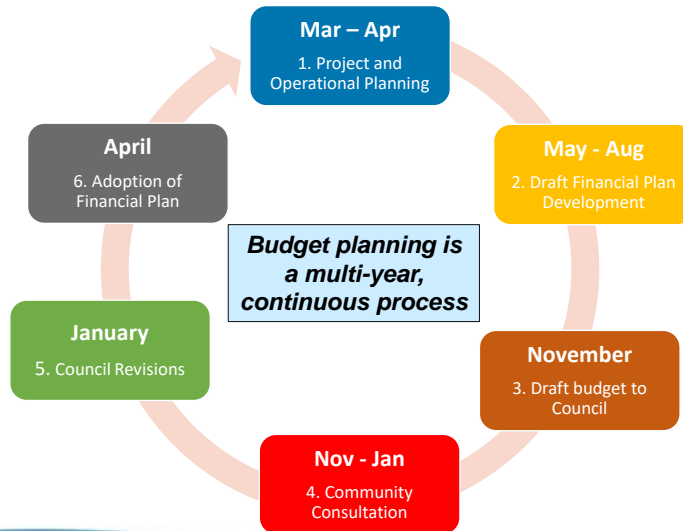
Outline

- Budget Process
- Context for 2021
- Direction for 2021
- Overview of Draft Financial Plan
- Proposed Mitigation Strategies
- Supplementary Requests and Other Resource Requirements
- Proposed Schedule for Department Presentations

2



Budget Process



Draft 2021-2025 Financial Plan

3

Planning to Budgeting



Draft 2021-2025 Financial Plan

4

Context for 2021

Due to COVID-19 pandemic:

- Significant revenue shortfalls
 - Parking
 - Victoria Conference Centre
 - Leases for City-owned Property
 - Business Licences
 - Arena Ticket Surcharge
- Additional costs
- Closures of some facilities
- Period 2 Accountability Report – many initiatives will be carried forward to 2021



Draft 2021-2025 Financial Plan

5

Council Direction

- Standing direction:
 - Continued provision of services at current service levels
 - Maximum tax increase of inflation plus 1% (2019-2022 Strategic Plan)
- A number of mitigation strategies approved for 2020 budget

Average inflation
for 2020 is 0.75%



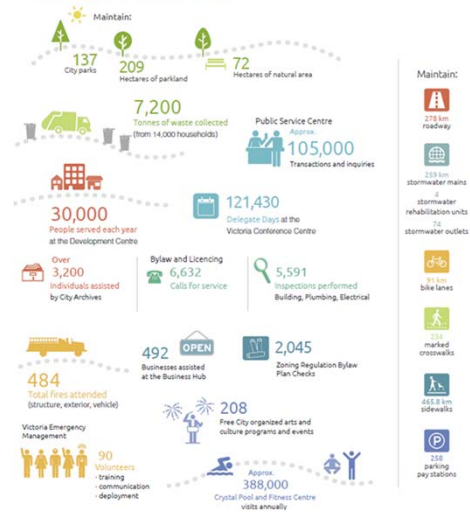
Draft 2021-2025 Financial Plan

6

Overview

- Council sets service levels and allocates funding through the financial planning process.
- The draft Financial Plan outlines budgets for approximately 200 services and over 200 capital projects.

Highlights of City Services



7

Proposed Mitigation Strategies

	Low Range	High Range
Cost Drivers		
Salaries and Benefits	\$ 2,269,150	\$ 2,269,150
New Assets - Operating Impacts	540,000	540,000
Insurance	280,000	280,000
Revenue Changes		
Parking	4,670,000	4,670,000
Victoria Conference Centre	2,000,000	2,000,000
City-Owned Property Leases	430,000	430,000
Business Licenses	300,000	300,000
Arena Ticket Surcharges	114,000	114,000
Payment In-lieu of Taxes	(240,000)	(240,000)
Other Changes	(143,219)	(143,219)
City Sub-Total	10,219,931	10,219,931
Police	747,039	747,039
Greater Victoria Public Library	24,000	24,000
Sub-total Before Mitigation Strategy	10,990,970	10,990,970
Mitigation Strategies		
Capital Budget Reallocation of Funding	(3,000,000)	(3,000,000)
Service/Program Adjustments		
Reduce Travel, Conference and Training Budgets	(350,000)	(350,000)
Reduce Special Events Budgets	(25,000)	(590,000)
Reduce Late Night Great Night Budget	(135,000)	(270,000)
Vacancy Management	(3,000,000)	(3,500,000)
Eliminate Office Lease	(70,000)	(70,000)
Delay Re-opening of Victoria Conference Centre	(300,000)	(300,000)
Remaining New Property Tax Revenue from New Development	(500,000)	(500,000)
Grant from Province of BC *	(1,100,000)	-
Total Mitigation Strategies	(8,480,000)	(8,580,000)
Draft Property Tax Increase \$	\$ 2,510,970	\$ 2,410,970
Draft Property Tax Increase %	1.75%	1.68%

* It is anticipated that the provincial grant will be several million

8

Supplementary Requests and Other Resource Requirements

Additional to the draft Financial Plan:

- Supplementary requests (Appendix A)
- Strategic Plan resource requirements (Appendix B)
- Previous Council motions directed to be considered as part of 2021 financial planning process (Appendix C)
- Deferred initiatives from 2020 (Appendix D)

Scheduled to be considered upon completion of public consultation



Draft 2021-2025 Financial Plan

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Timeline

Dates	Task
November 10, 23, 30, 2020	Detailed department presentations of draft Financial Plan
December 3, 2020 Daytime Council	First reading of Financial Plan bylaw
December 2020 to January 2021	Public consultation
January 13, 2021	Town Hall / e-Town Hall meeting
January 2021 Committee of the Whole	Present consultation results and seek direction on changes to Financial Plan and Strategic Plan
April 2021 Committee of the Whole	Final report on Financial Plan including incorporated changes; report on 2021 tax rates
April 2021 Council	Second and third reading of Financial Plan bylaw; first, second and third reading of tax bylaw
April 2021 Council	Adoption of Financial Plan bylaw and tax bylaw



Draft 2021-2025 Financial Plan

10

Department Presentation Schedule

November 10

- Overview
- Council
- Finance
- Information Technology
- Corporate Initiatives
- Real Estate
- Legislative Services
- Parks, Recreation and Facilities
- City Manager
- Fire
- Legal
- Engagement

November 23

- Victoria and Esquimalt Police Board
- Engineering and Public Works
- Bylaw Services
- Human Resources

November 30

- Greater Victoria Public Library
- Sustainable Planning and Community Development
- Business and Community Relations
 - Arts, Culture and Events
 - Neighbourhoods
 - Economic Development
 - Victoria Conference Centre
- Corporate



Draft 2021-2025 Financial Plan

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Department Presentation Schedule


November 30 continued

- Supplementary requests and other resource requirements
- Consideration of Mitigation Strategies



Draft 2021-2025 Financial Plan

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**2021
PROVISIONAL BUDGET**

November 23, 2020

Victoria Council

1

Outline

- Board Budget Process
- Budget Inputs
- Transformation and Innovation
- Budget Overview



2

Our Rigorous Budgeting Process



3

Strategic Budget Approach

- Supplements rather than replaces zero-based budgeting
- Resources allocated based on strategic priorities
- Divisional Action Plans prepared for each business unit and budgets aligned to achieve goals and objectives

4

Transparency

- Continue to provide greater detail
- Align with municipal budget format
- In-depth analysis shared in public documents
- Consultation with both Councils
- Consultations with City Manager/CAO



5

Feedback from Councils

- Support for:
 - ▣ proactive policing and partnership building
 - ▣ tackling property crime
 - ▣ enhanced traffic enforcement
 - ▣ more emphasis on employee wellbeing
 - ▣ higher visibility of officers in the community



6

Feedback from Councils

□ Concerns:

- ▣ cost of policing
- ▣ fair distribution of policing costs across the region
- ▣ lack of provincial funding



7

Feedback from Councils

□ Areas to explore/improve:

- ▣ alternative mental health response mechanisms
- ▣ more community-focused proactive policing
- ▣ better, more comprehensive public data
- ▣ greater public accessibility to Police Board meetings



8

Provincial Public Safety Priorities

- ❑ Protect the most vulnerable
- ❑ Reflect community diversity
- ❑ Ensure police training is of the highest quality
- ❑ Promote unbiased policing
- ❑ Address the overdose crisis
- ❑ Engage health and social services professionals
- ❑ Explore integrated policing models
- ❑ Increase profiles of Police Boards
- ❑ Modernize the *Police Act*



9

Consultation / Strategic Planning

- ❑ Extensive consultation with the community and councils
- ❑ Strategic goals established:
 - ▣ support community safety
 - ▣ enhance public trust
 - ▣ achieve organizational excellence
- ❑ Budget process aligned with Strategic Plan



10

VicPD's Service Environment

- Local vs. regional police service
- Limited offset of policing costs by areas of low crime/calls

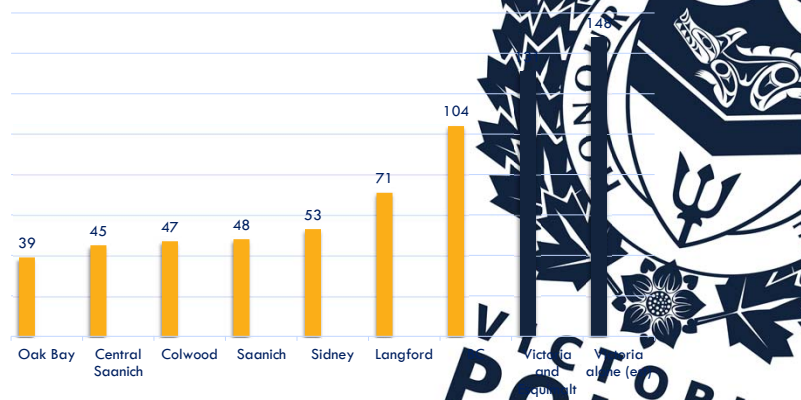


11

Crime Severity Index

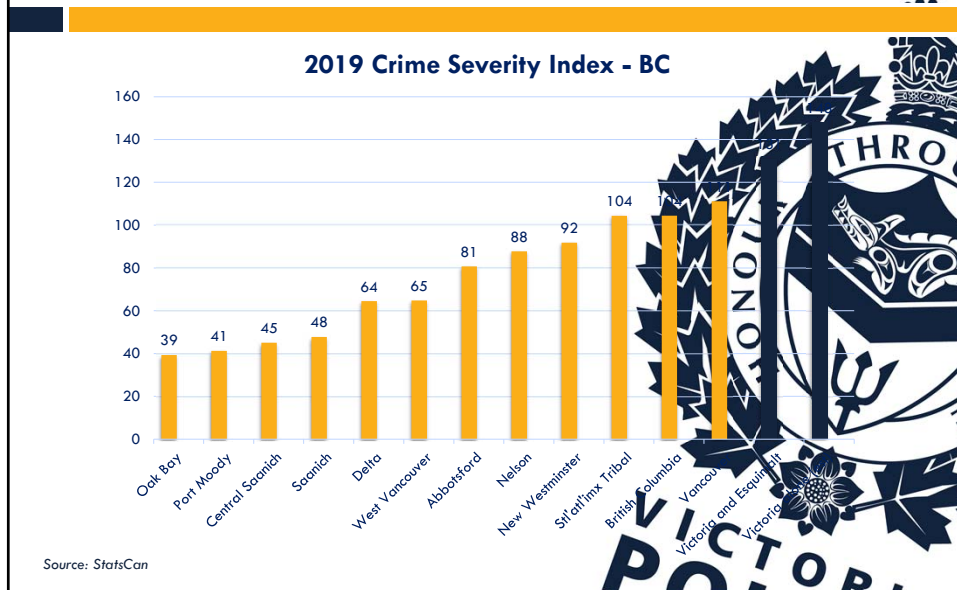
- Crime severity index: measures the volume of crime and the relative seriousness of that crime

2019 Crime Severity Index – CRD Area



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Crime Severity Index



13

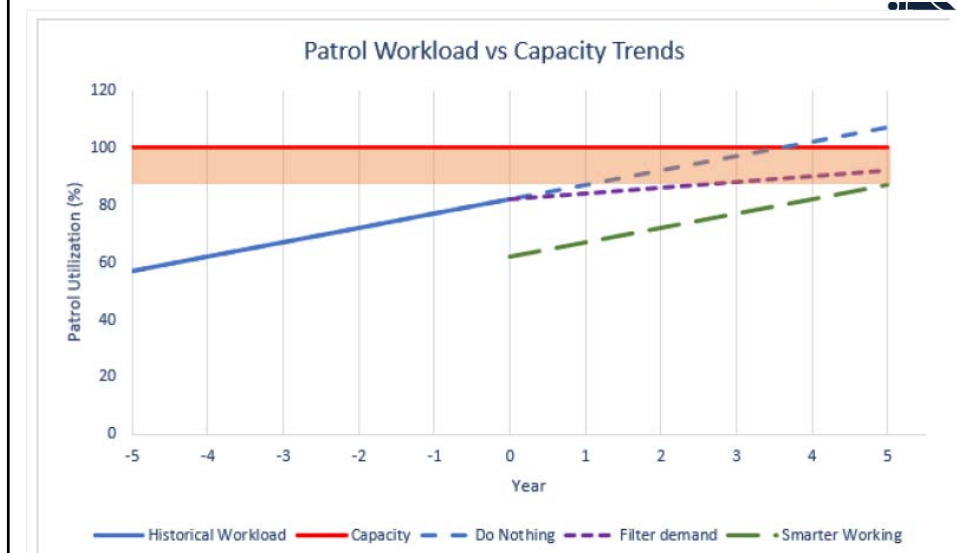
Municipal Policing Statistics

- Elevated costs are a function of the local policing structure
- If municipal police agencies were one, we would be below provincial (municipal police) rates

	Population	Strength	Pop/Officer	CC Offences	Crime Rate	Cost/Case	Total Costs	Cost/Capita
Central Saanich Mun	18139	23	789	519	29	25	\$ 941,825.00	\$ 577.96
Oak Bay	19228	23	836	535	28	28	\$ 935,718.00	\$ 486.67
Saanich	122245	161	759	4680	38	25	\$ 941,250.00	\$ 7.71
Victoria	110859	245	452	11683	105	48	\$ 5,040,000.00	\$ 45.47
GV Municipal	270471	452	598	17417	64	39	\$ 97,932,331.00	\$ 362.08
Provincial Municipal	1379473	2453	562	96575	70	39	\$557,548,602.00	\$ 404.18

14

The Future



15

Organizational Pressures

- Maintaining service levels during pandemic
- Investigational complexity and reporting standards
- Time loss/drain on front line resources related injuries
- Frequency and complexity of public protest
- Increasing costs and requirements of training



16

Efficiencies & Initiatives

- Governance & Transparency
 - ▣ New Strategic Planning Process
 - ▣ Launch of *Open VicPD*
 - ▣ IT Steering Committee
- Initiatives & Efficiencies
 - ▣ Hybrid patrol vehicle pilot
 - ▣ Automation of service desk
 - ▣ Automation of leave/activity management
 - ▣ Cloud-based and technology driven solutions
- Partnerships
 - ▣ Integration of services with other agencies



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Administrative Reviews - Actioned

- Information Technology Review (2014)
- Efficiency Review (2017)
- Information Management Review (2017)
- Records Section Review (2018)
- Human Resources Review (2019)
- Financial Services Review (2019)



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Provisional Budget at a Glance

Description	2021	Increase/(Decrease)	
	Provisional	\$	%
Salaries and Benefits	44,920,909	412,774	0.9%
Overtime	2,962,097	144,293	5.1%
Other Operating Costs	9,551,730	(54,152)	-0.7%
Contingency (Salary & Benefits)	2,221,394	477,407	27.4%
	59,656,130	980,321	1.67%
TRANSFER TO RESERVE FUNDS	1,020,000	(100,000)	-8.93%
TRANSFER FROM FINANCIAL STABILITY RESERVE	(100,000)	-	0.00%
TRANSFER FROM EMPLOYEE RETIREMENT FUND	-	-	
REVENUE	(1,459,250)	(4,531)	-0.71%
RECOMMENDED PROVISIONAL BUDGET	59,116,880	875,790	1.50%
Allocation by Municipality			
Esquimalt (14.7%)	8,690,190	128,750	1.50%
Victoria (85.3%)	50,426,690	747,040	1.50%

Based on current Framework Agreement Formula

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Significant Cost Drivers for 2021 Budget

- ❑ Overall Increase: 1.5% (\$875,790)
- ❑ Estimated pay increments: \$477,407 (1.8%)
 - ❑ Conservative approach recognizing impact of COVID-19 on 2020
- ❑ Benefit premium increases: \$17,183 (0.35%)
 - ❑ Estimated increases for existing benefit plans
- ❑ Overtime for Patrol, Protests: \$144,293 (0.25%)
 - ❑ Need to maintain patrol minimums due to increased injury accommodation
 - ❑ Significant increases in time-loss from injuries and need to accommodate officers
 - ❑ Increasing frequency and size of protests
- ❑ Software Licensing Requirements: \$115,000 (0.2%)
 - ❑ Licensing requirements for Office 365

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Resources added to the budget

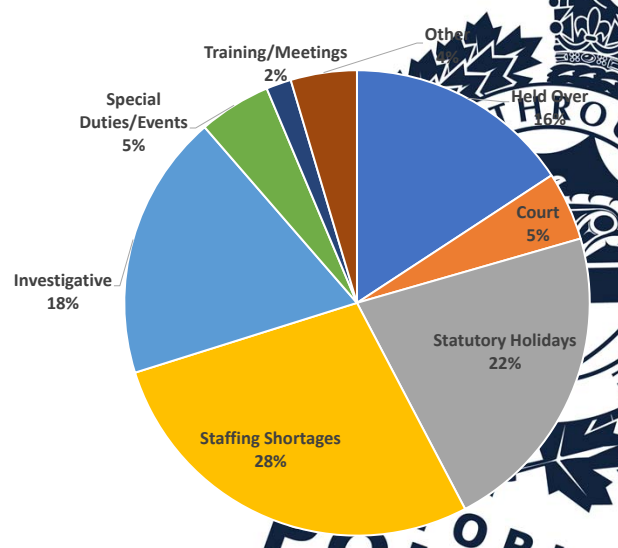
- Psychological services coordination - \$30,000
 - ▣ Strategic Plan Goal “Support Our People”
 - ▣ Prevent injuries and accelerate return to work
- Historical case review disclosure - \$80,400
 - ▣ Strategic Plan Goal “Support Community Safety”
 - ▣ Required to effectively review, investigate and report on homicides/missing persons
 - ▣ Compliance with provincial standards
 - ▣ Bring closure to families



21

2019 Police Overtime

- Total of 39,698 hours
- 50% is to maintain shift minimums or staffing front line on statutory holidays



22

Challenges addressed in the Budget Process

- ❑ Original budget requests from staff: 2.87% increase (\$1.67m) plus 3 additional staff
- ❑ \$793,524 in net cuts made by Board
 - ❑ Reassessment of budgeted wage increase
 - ❑ Reduction in transfers to capital reserve
 - ❑ 2021 retirements funded by draw down from Employee Retirement and Sick Leave (one-time)
 - ❑ No funding for E-Comm additional staff request
- ❑ Final budget request: 1.5% increase (\$875k)

23

Closing Remarks

- ❑ Police Board Finance Committee Chair

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Questions & Discussion



25

Data – Community Dashboard

[Open VicPD](#)



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